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POPULATION GROWTH AND DEVELOPMENT IN THE WORLD ECONOMY

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BEFORE THE

SUBCOMMITTEE ON INTERNATIONAL TRADE,
FINANCE, AND SECURITY ECONOMICS

OF THE

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POPULATION GROWTH AND DEVELOPMENT IN THE WORLD ECONOMY

TUESDAY, MARCH 20, 1984

Congress of the United States,
Subcommittee on International Trade,
Finance, and Security Economics
of the Joint Economic Committee,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 1302, Longworth House Office Building, Hon. James H. Scheuer (member of the subcommittee) presiding.

Present: Representatives Scheuer, Hawkins, and Kostmayer.

Also present: James K. Galbraith, deputy director.

OPENING STATEMENT OF REPRESENTATIVE SCHEUER, PRESIDING

Representative Scheuer. The Subcommittee on International Trade, Finance, and Security Economics of the Joint Economic Committee will come to order.

This morning we are having a hearing on the impact of the global population growth on economic development, on all aspects of economic development and its impact on the United States, on security, and politics as well.

We have a number of witnesses with great expertise covering a wide spectrum of issues, and it should be a very fascinating hearing.

Many countries, especially in the developing world, are experiencing exponential population growth. The population growth has increased four times in this century. Whereas it took us millions of years to reach the first billion, it now takes us about 13 or 14 years to reach the next incremental billion.

Ninety percent of the population growth rate in the coming decade will take place in the developing world where economic development is dwarfed by their population growth.

The Third World will have a job deficit by the year 2000 of about 650 or 700 million jobs, more than the entire employed population of the entire Western World. There seems little hope that they are going to find the economic productivity that will find jobs for these people.

In Mexico and Central America, for example, there would be the need to produce about 1.2 million jobs a year for new entrants into the labor market. There does not seem to be any evidence that they are producing more than about a quarter of that.

The impact that this burgeoning population has on the quality of life is clear, is stark, is unmistakable. It virtually dooms to failure all of their development programs—for food, for health care, for education, for jobs. It almost surely produces destabilization and chaos. Examples of that can be found in Kenya where there is a 4-percent population growth rate, almost a theoretical maximum growth rate that the human race is capable of achieving, and where you have a virtual breakdown of the commonly accepted rules of modern society, a galloping infant abandonment, a galloping infanticide, growing teenage gangs, an almost total inability of society to cope with the product of its population growth.

We are fortunate to have a Member of Congress who has an enormous background in population and development. He in effect will sound the starting gong for this morning's hearings, and then he will come up and chair this hearing with me jointly.

It is a pleasure to introduce Congressman Sander Levin from Michigan, one of the most bright, articulate, and promising of the junior Members of Congress, and formerly Assistant Administrator of Population Programs in our AID program in the State Department.

So he brings enormous experience from the executive branch and growing experience in the legislative branch. He knows what has to be done, and now in Congress he is learning what can and cannot be done.

We welcome you, Sandy. We are proud to have you amongst our midst. Come to the table, and take as much time as you need, and then come up and join Congressman Hawkins and myself for the rest of the hearing.

STATEMENT OF HON. SANDER M. LEVIN, A U.S. REPRESENTATIVE IN CONGRESS FROM THE 17TH CONGRESSIONAL DISTRICT OF THE STATE OF MICHIGAN

Representative LEVIN. Thank you very much. And to you, Jim Scheuer, and to Gus Hawkins and to the staff, let me congratulate you, if I might, for holding this hearing.

I am looking forward, as you are, to the rest of the testimony, but I thought it might be more useful for me to touch on the general framework within which there is viewed today various issues relating to population growth rates in developing countries, both within the developing countries themselves and in industrialized, in the fields we are involved with, donor nations.

I thought I would emphasize today one of the key points in this general framework, and that is the substantial change in it during the last 10 years.

Since the onset of the unprecedented high population growth rates in developing countries after World War II—and we need constantly to refer to the chart that shows the population growth rates before and after World War II and the change, which is a disturbing one—and since the onset of corresponding concern about these growth rates, both in developing and industrialized countries, there has been substantial continuity in population policies and programs, but also there has been a major change. Current critics of U.S. international policy of population assistance often ignore this change, and sometimes we proponents of international population assistance have failed to point out the extent and the nature of the change.

One criticism of U.S. support for population assistance to LDC's has been that—this is just one of the attacks—"The so-called population explosion is receding, thereby refuting those nightmare scenarios of evermore nonstop billions of starving people packed like sardines."

In supporting this argument, there is often reference to drops in birth rates in many countries, including populous ones such as China, India, Indonesia, and Egypt. But what usually has not been stated by these critics is that death rates have also fallen dramatically in those countries, in many cases faster than birth rates. The overall population growth rate, for example, in Egypt today probably exceeds that of 20 years ago. We must remember that if China is excluded from the figures, while the population growth rate trend for developing countries is downward, it still is dramatically high.

A second line of attack in recent years has been that even if high population growth rates continues in many LDC's, there is no proof of a significant relationship between such growth rates and general socioeconomic development.

It has been argued, for example, "That poverty has many causes, not just overpopulation, and that where advocates of international population assistance have seen human poverty, they have taken this to be overpopulation."

Then a third line of attack, especially on AID's population programs, has been that such assistance has clearly—and again I quote—"gone beyond simply offering other countries material and information assistance. The U.S. aims to bring peoples in other countries to want the fertility that we think they ought to want.

As I mentioned, these charges not only are wrong on the facts; they ignore the changes in the last 10 years in the population approaches of both developed and developing countries.

Ten years ago at Bucharest, that early and lofty pioneer in the field, John D. Rockefeller III, called for a reappraisal, both wide-ranging and comprehensive, of industrialized nation's approach to population growth rates in LDC's. Of the four elements of reappraisal, he said the first must involve a shift in approach to family planning, not lowering its priority but, "placing it solidly within a context of general economic and social development."

He stated that:

> This approach recognizes that rapid population growth is only one among many problems facing most countries, that it is a multiplier and intensifier of other problems, rather than the cause of them. It recognizes reducing population growth is not an alternative to development but an essential part of it for most countries. And it recognizes that motivation for family planning is best stimulated by hope that living conditions and opportunities in general will improve.

He continued:

> Population and family planning must be a fundamental and integral part of any modern development program, recognized as such by national leadership and supported fully. To the extent that this happens, I firmly believe that the results we once hoped for family planning alone will finally come to pass.

It is hard, I think, for any observer to figure out how much Bucharest—the conference 10 years ago—represented cause and how much it represented effect. But it is clear, I think, that after Bucharest there occurred major changes in population policies and programs.

Some industrialized nations who had criticized the emphasis by LDC's at Bucharest on development, as distinguished from family planning programs, went home and began to reevaluate and to give international population assistance programs a clearer development focus. Some from developing countries, who had criticized the emphasis on family planning by industrialized nations at Bucharest, went home and began to emphasize family planning.

Within the United States a reassessment of U.S. policy began shortly after the conference.

And the course that was followed within AID was that the answer to the issue of population versus development was not only that there must be both but it very much pertained to the nature of population programs themselves, and the issue very often was not what there might be beyond family planning but what there should be within family planning.

In our efforts to respond to the challenge in many developing countries to high population growth rates, the day-to-day programmatic issues facing developing countries in a donor agency like AID became not so much to find a broader approach beyond population programs but how to broaden population programs to make them in and of themselves more effective.

And so there was new emphasis on factors like: LDC national leadership commitment; involvement with the community with special consideration in LDC's to the involvement of women; communication programs within LDC's which could heighten the motivation of individuals within those countries for family planning; relationships between family planning and health and nutrition programs; and research on determinants of fertility.

There also was—and I should emphasize this—a clear-cut adoption of national socioeconomic development within an LDC as a primary rationale for international population assistance. This rationale flowed naturally from that of the right of the individual to the means to effectuate choice on family size, since the expected beneficiary of national socioeconomic development was the typical family. But it went beyond each individual family to the impact of a family's decision on his neighbors and the Nation as a whole. In the belief that a lower rate of population growth could be vital for specific nations in their overall socioeconomic development, this meant intensified support on our part for efforts of those nations to gain adoption of a norm of smaller family size.

And in this context, rapid population growth rates in developing countries were approached far less as a bomb hovering over the entire world—which implies that this country would have a dramatically smaller interest if population growth rates threatened only developing countries themselves—and far more looking at population growth rates in LDC's as a barrier, a critical barrier, to the socioeconomic development of a particular nation at a particular time in its development.

And, as I said, the late 1970's was also a period of policy and program change in many developing countries themselves. As of the time of Bucharest, a limited number of developing countries had articulated policies employing concern for population growth rates within their nations. One study put this number at 33. By the early 1980's there was a doubling and probably a tripling of countries with active policy and service components relating to population growth rates in their countries.

Three years ago many of the leaders active in the formulation of population policies and programs met at an international conference in Jakarta. One hundred and thirty-three government officials, private sector activists, and a few academicians attended, about two-thirds of them from 65 developing countries.

In the closing address at that conference, one could feel the reverberations of the major changes during the previous decade in the theme and content of population programs, both within LDC's and among external contributors like the United States. The speech was that of the Minister of Health of the host country, Indonesia, a country in the forefront of active population growth. And he stated in that address as follows:

> Of the results of this week, perhaps most vital is our consensus that the user perspective must be brought to the fore. Fundamentally the programs must reconcile themselves with the reality of what fits the people themselves. There must be increased participation on a community basis, and there must be close program attention to the user's preference and the community's character.

And he concluded:

> So let's put our house in order for the 1980's. Administratively we must link our programs with closely related programs. We must always shape our field of endeavor to serve the larger human values at stake.

As we face the Mexico City conference in a few months, Congressman Scheuer and members of the committee, there are issues, very sensitive ones, complex ones, and extremely varied ones, in the population field. Some of them may be considered in Mexico City; some of them may not. They include issues like: Voluntary versus compulsory approaches and the uses of incentives and disincentives, contraceptive safety; the allocation of responsibility with LDC ministries for population activities; the impact of one-child families on the individual child and the family and society at large; the extent of the need for new contraceptive research; and bilateral versus multilaterial management of resources.

But there is going to be another critical issue in Mexico City that this country has to, among others, face up to, and that is: What do we do with the consensus referred to by the Minister of Health in Jakarta? What do we do with it? What do we do to back it up with adequacy of resources?

As historically the largest contributor to international population assistance, the issue of appropriate resource levels has special challenge for the United States. Throughout most of the 1970's, resources often, not always, arguably matched or came close to matching the funding needs of project proposals which had a reasonable chance of success. And that adequacy of resources was a tribute to the energetic efforts of population activities within the United States. And during the first 2 years of the Carter administration, of which I was a part, there were some increases that helped sustain the reasonable match between needs and resources. But by 1979, and certainly by 1980, a significant gap had opened up. In AID and other donor countries, population funding had leveled off, in part because of a general plateauing of development assistance levels.

But this plateauing occurred at the very time there was an increase in the number of developing countries undertaking major population programs, including China, India, Bangladesh, Egypt, and Mexico, all of whom were requesting U.S. assistance, and all of whom, except for China, were seeking Western donor help.

This stationary level of assistance, in real dollars a significant reduction, continued during the first years of the Reagan administration.

The increase initiated and appropriated by Congress for fiscal year 1984 reflected a realization that high population growth rates remain a clear, present, palpable danger, and a challenge that still lies ahead for all of us: the need, Congressman Scheuer and members of the committee, for a quickening pace of socioeconomic development in developing nations within a framework of sensitivity to the surrounding land, air, and water that is vital for all of the globe's inhabitants wherever we might live.

Thank you very much for this opportunity.

Representative SCHEUER. Thank you for that splendid statement.

Congressman Hawkins.

Representative HAWKINS. May I commend our colleague for a very excellent statement. I have only one question which may be somewhat parochial. At least to me it is. In the Southwest we have a great flow of illegal immigration, which is a constant problem in the Southwestern States. I was wondering in what way have the policies with which we have developed restraint of population had some impact on this flow of illegal immigration across our borders? To what extent have we neglected the implementation of the immigration policy as well as our trade and tax policies in this country which seem to have encouraged this growth. This has complicated the problem with respect to Mexico, a developing nation.

Representative LEVIN. Congressman Hawkins, let me, if I might, focus on the population policy aspect of this major question—and we will be dealing with it within the House on a broader scale within the next few weeks, presumably.

I think the question is not only obviously a most compelling one but it illustrates what population policy and programs are all about in this day and age.

The only factor relating to immigration from Mexico and Central America—we should not forget there has been considerable immigration from Central America to the United States—is not population growth rates but it is one of the critical factors.

We should not be interested in the population growth rate within Mexico and Central America only because of immigration to the United States. It is one of the factors. But another critical factor relates to the general socioeconomic development patterns within Mexico and within Central America. And we are finding, to our grief, and countries within that region are finding to their grief, that you ignore population growth rates at your peril.

And to the credit of the United States, in recent years there has been an effort to assist, for example, Mexico, in programs and policies relating to high population growth rates. This has been mainly, it should be pointed out, a program, for example, as to Mexico, from within Mexico. It is not, as some of the critics claim, the United States telling Mexico what it should do regarding the population growth rates or our telling individual Mexican families what they should do as to their family unit size.

In the last couple of years there has been a substantial change in reproductive patterns within Mexico. There has been a significant drop, at least a beginning, in the population growth rate within that country.

The United States has been a quiet supporter of those efforts in terms of technical expertise and financial resources. We have been wise to it. Mexico realizes that a growth rate that would bring the population of Mexico to 100-and-some millions within several decades is a major barrier to socioeconomic development within that country, and that such barriers can have all kinds of ramifications for economic and social stability within that country.

So those of us who are concerned about immigration matters have a good reason to be concerned about population policies and programs within Mexico, retaining, I hope, the major focus that reduced population growth rates there are basically essential for that country's social and economic development.

Representative HAWKINS. Thank you, Congressman Scheuer.

Representative SCHEUER. There are innumerable questions I would like to ask you, Sandy, but we have three terrific panels.

Representative LEVIN. Yes; and I would like to join you in hearing them.

Representative SCHEUER. And I would like you up here.

Representative LEVIN. Thank you very much.

Representative SCHEUER. All right. Panel No. 1, "The Global Population and Its Impact on the U.S. Economy."

Will the three of you step forward: Ms. Sharon Camp, vice president of the Population Crisis Committee; Mr. Paul Demeny, vice president of the Population Council; and Mr. Steven Sinding Director of the Office of Population, U.S. Agency for International Development.

We are going to take the three of you in turn, and then I am sure we will have questions for you.

We are going to go over late this morning. We are going to try and limit the lateness, so we are going to limit each panel to 1 hour. We have three panels. That will get us out of here by about 1:15. So forgive us if we run a roughshod chair up here.

Your prepared statements will all be printed in the record in full, and we would ask you to summarize your statements in at least 10 minutes. So if the three of you take 30 minutes, we will have another 30 minutes for questions.

So I suggest for your 10 minutes, rather than reading your statement or portions of it, you simply relax and talk to us as if we were in your living room. And you can refer to anything you have heard from any of the other witnesses or of the three Congressmen up here. This is a genuine skull session, and we are trying to keep it as informal in form as we can.

All right. Ms. Sharon Camp, vice president, Population Crisis Committee.

Please take as much time as you may need to sum up your testimony, and then after the others are finished, I am sure we will have some questions for you.

I want to state my personal debt and my personal gratitude for the many acts of kindness that Ms. Camp has taken in counseling me over the years, helping prepare me for various population events, going back to the time that I chaired the Select Committee on Population through my work with the Global Committee on Population Development. I owe her a personal debt of gratitude that I wish to express now.

Ms. Camp, you have been a wonderful source of support and we are all glad to have you here today.

STATEMENT OF SHARON L. CAMP, VICE PRESIDENT, POPULATION CRISIS COMMITTEE, WASHINGTON, D.C.

Ms. Camp. Thank you, Congressman. It will be hard to follow that introduction; it was very flattering and I appreciate it.

I thank the committee for the invitation to testify here today. I do not plan to read any part of my prepared statement so I am pleased that it will be included in full in the record.

However, if you will please turn to the back of my prepared statement to the series of graphs and charts, I would like to attempt to add some statistical support, both to Congressman Scheuer's opening statement and to Congressman Levin's statement.

The first chart is actually a map, of the world; it is exhibit 1. I have included this map which illustrates the status of population and family planning policies around the world, to indicate the degree of change which has occurred in the last 10 or 15 years.

As you will be able to see from the map, about 39 countries now have policies to reduce population growth. These are heavily concentrated in Asia, but there are a few in Latin America and a few in the Middle East and Africa. These countries, with official policies to reduce population growth, represent about 78 percent of the developing world's population.

An additional 33 countries provide support for family planning programs as a part of their national health programs.

You can also see from the map where the laggards are. They are principally in the Middle East and in Africa, where a few remaining countries actually restrict access to family planning, and where a number of countries still provide no official support for public family planning programs.

One of the things that the map indicates, and which Mr. Levin stressed, is that there has been a very substantial change in official policies, and that this reflects a lessening of the kind of controversy which we saw 10 years ago at the Bucharest conference.

If you have any questions about any of these tables, please feel free to interrupt.

Representative Scheuer. Let me interrupt you.

Ms. Camp. Yes.

Representative Scheuer. Essentially what these tables tell me is that in all parts of the developing world significant progress in family planning is taking place except in Sub-Saharan Africa.

Ms. CAMP. That is largely true, but as you can see from the map, in Kenya and in Ghana we have two countries with official policies to reduce population growth, and in a number of other countries in Sub-Saharan Africa we do have at least nominal official support for family planning. So there is some change in official policy. But certainly the African region as a whole lags far behind the other regions of the world.

If you will turn now to the exhibit labeled exhibit 2, the second sign of progress is the increased level of overall donor support for family planning assistance. In the mid-1960's when the U.S. program of population assistance began, U.S. contributions represented over 50 percent of the budgets of the U.N. Fund for Population Activities and the International Planned Parenthood Federation, these being the largest two agencies involved in international population work.

You can see from the table that there has been a gradual increase in actual dollar levels in U.S. contributions to population work, but a very steep increase in contributions from other donors.

If you will notice the shadow behind those two broken lines, that is the increase over the same period in the number of women of reproductive age.

So while overall assistance to population has stayed a little bit ahead of that growth, the increase in per capita availability of funds for family planning is less striking than the overall increase.

If you will turn now to exhibit 3, you will see illustrated a third major sign of progress. And this is perhaps the more significant trend. That is the increased contributions by less-developed countries themselves to family planning and population activities in their countries.

These are only representative figures for countries for which there is good data, but you can see that Korea, Mexico, India, Malaysia, Indonesia, Thailand, Costa Rica, Jamaica, and even Bangladesh are now providing at least half, and in most cases more than half, of the funds required to operate their national family planning projects. Ten or fifteen years ago the programs in these countries were heavily dependent on foreign assistance.

It is interesting that in India the population budget over the last several years has actually doubled to a level of $380 million. These are very significant trends that represent a major change in attitudes in developing countries about the importance of population growth to development programs.

Moving on to exhibit 4, the results of these population and family planning efforts in developing countries, along with various social and economic changes which have occurred simultaneously, have produced fertility declines of 15 percent or more in about 30 countries. You can see from the graph that many of these are small island countries whose demographic salience is not great, but on the chart, with fertility declines of 25 percent or more are China, Colombia, Korea, Panama, and Thailand. Mexico and some other countries are close to that level of fertility decline.

Turning now to exhibit 5, it is perhaps fair to say that less important than the actual fertility declines that we have achieved are the lessons that we have learned over 15 years of promoting population and family planning activities.

First of all, we have learned that some types of social measures are really more important than general economic growth to fertility declines. And, second, we have learned that official organized family planning programs have the greatest independent impact on fertility behavior of any other form of government intervention.

Together these two lessons have demonstrated to us that major socioeconomic transformation is neither a sufficient nor a necessary condition for fertility declines. Fertility has declined in a number of countries where substantial economic development has not occurred but where organized family planning programs and certain measures of social development have occurred.

The second thing we have learned is how to deliver family planning services cost effectively. And we have learned the degree to which family planning is in fact the most cost effective intervention.

The table that I presented represents back-of-the-envelope figures, but even if the magnitude is off by a factor of 2 or 3, it is very clear from these data that the delivery of family planning services is the single most cost effective intervention that governments can make to effect fertility behavior.

If I may summarize, we now know after 15 years of experience that there is a small cluster of things, with family planning at the center, including a number of social measures which involve child survival rates, the status of women, and other measures affecting the quality of life, that do produce fertility declines.

Unfortunately, these lessons have not yet been universally applied, and progress in terms of reducing fertility has been very uneven.

If you will look now at exhibit 6, I have attempted to group representative countries in terms of contraceptive prevalence levels.

You can see that for most African countries, contraceptive levels are below 20 percent, and in fact in most cases are below 10 percent. The developing countries as a whole have contraceptive prevalence levels below 40 percent.

On the other hand, there are about a dozen countries, including Colombia, Jamaica, Panama, Turkey, Costa Rica, Taiwan, and so forth, which have achieved contraceptive prevalence levels above 40 percent, and in some cases above 60 percent. In other words, they have achieved levels of family planning practice comparable to those in most developed countries.

But clearly the progress is very uneven.

In many countries, attitudes toward family size remain an obstacle to progress in family planning, but in many Latin American and Asian countries we have data to show that demand for family planning now outruns availability.

If you will look at exhibit 7 you will see that in a number of developing countries, half or more of the women say they want no more children. A third say they did not want their last pregnancy. But only about half of those women who want no more children are practicing an effective means of contraception.

If I may sum up, many countries have failed to do the simple things that we know now will work. They have failed to provide a wide range of family planning choices. They have not gotten services down to the community level. They have not involved the communities in the delivery of services. And they are not moving programs out of the clinic to reach the majority of users.

Let me just cover one more chart, and then I think my time will probably have expired.

The impact of all these population trends is that progress in family planning has not been fast enough or widespread enough to lower the population growth rate in most countries. The worldwide rate of population growth has dropped over the last 10 years from about 2 percent to about 17 percent. But as you can see from exhibit 8a, the annual increments added to world population every year are still increasing.

In most developing countries there has been little or no decline in population growth rates. The major decline occurred in China. If China is excluded from the developing country average, population growth rates over the last year in developing countries have declined from only 2.5 percent to 2.4 percent. On the continent of Africa, population growth has actually gone up from 2.7 to 3 percent.

The gist of this is that as long as mortality levels continue to decline, as long as the number of women of reproductive age continues to expand, family planning programs have got to be pressed harder. More resources need to be put into these activities. Otherwise, we are not going to make a significant impact in the next decade on population growth rates in most developing countries.

Mr. Chairman, I think I will close there. I have a number of other tables, but I think other witnesses will probably cover some of those points.

[The prepared statement of Ms. Camp follows:]

PREPARED STATEMENT OF SHARON L. CAMP

Mr. Chairman, committee members, I am Dr. Sharon Camp, Vice President of the Population Crisis Committee. Thank you for the invitation to testify today on the important issues of international population growth and its impact on social, economic and political trends of interest to the United States.

The Population Crisis Committee is a private non-profit organization which has, since its establishment in 1965, been a leader among population organizations in efforts to strengthen political and financial support for family planning overseas. Our work involves high-level advocacy at home and abroad to increase government commitment and also selective support of innovative private family planning programs in developing countries. It is perhaps important to state that we receive no U.S. government money for any part of our U.S. operations or overseas grant programs. Thus, while we may express strong opinions about the direction of U.S. population assistance, these comments are not motivated by any fiduciary interest in the program.

Since parts of my testimony touch on a number of issues tangential to international population growth, it is perhaps relevant to note that in addition to my work at PCC, I am also Chair of the Board of the International Center for Research on Women, am Vice Chairman of Family Health International (formerly the International Fertility Research Program) and am a Director of the National Council for International Health.

My assignment today involves an overview of world population trends and their probable consequences, with particular attention to differences among the world's major regions. My testimony, which is meant to be introductory, is of necessity rather superficial. I am confident, however, that those witnesses which the panel will hear later today, and whose expertise is far greater than mine, will add specificity and depth to the discussion.

Indications of Progress

Let me begin on a note of optimism. Over the last 10 to 20 years we have achieved successes in the field of population which are in some respects quite remarkable.

We have, for example, achieved a significant shift in official attitudes toward population and family planning. The map, labeled Exhibit 1 at the end of my statement, shows the current status of official policies.

Some 39 countries now have national policies and programs to slow population growth. About 78 percent of the population of developing nations live in such countries. An additional 33 developing countries and nearly all developed countries provide family planning services as a part of government-supported health services. In most of the remaining countries some form of family planning service is available through the nongovernmental sector. Trends in national policy indicate that countries increasing consider population change a legitimate subject of direct governmental intervention and that on the international level the degree of controversy and confrontation which prevailed 20 or even 10 years ago has abated.

Although the United States remains the largest donor to developing country population programs, our share of total donor assistance has declined significantly. In the late 1960s, for example, U.S. contributions represented about half of the total budgets of the United Nations Fund for Population Activities and the International Planned Parenthood Federation (the two largest international population agencies.) Today U.S. contributions, although considerably increased, represent only one-fourth of these budgets. Exhibit 2 compares the increase in total donor population assistance to increases in U.S. population assistance between 1965 and 1980.

The more significant trend has been the increase in national expeditures on family planning by the developing countries. Whereas a decade ago developing country programs were heavily dependent on external assistance, many such programs are now largely financed from internal sources. If you will turn to Exhibit 3, you will see that Korea, Mexico, India, Malaysia, Indonesia, Thailand, Costa Rica, Jamaica, and even Bangladesh, among others now meet more than half the financial costs of their family planning programs.

Program Achievements

In large part as a result of organized family planning programs in the public and private sectors, the level of contraceptive prevalence in developing countries has grown from about 3 percent to slightly over 20 percent in the last 15 years. Birth rates in some 30 countries have declined by 15 percent or more. These countries and their percentage birth rate declines are listed in Exhibit 4. It is noteworthy that much of the decline in fertility in developing countries has occurred quite recently and that in many countries the pace of decline has been accelerating. These trends are not, however, universal. In some Asian countries, fertility declines show indications of plateauing. In almost all African countries birth rates have not declined at all and may, in fact, have risen slightly as a result of improved maternal health.

It is perhaps fair to say that what we have achieved in actual fertility declines is less significant than what we have learned. Ten years ago at the World Population Conference in Bucharest much credence was given to the idea that "development is the best contraceptive." In the intervening years some of the Third World political rhetoric surrounding relationships between population and development has died away, to be replaced by a more pragmatic understanding of what makes population programs succeed.

Lessons Learned

First, there is growing recognition that, in terms of its effect on fertility, general economic growth is less important than other specific dimensions of social development, such as education or improvements in the status of women. There are numerous examples of developing countries, and regions within countries, which have experienced substantial reductions in rates of fertility and mortality in spite of very low rates of economic growth. In other countries with high rates of economic growth but little family planning effort and little social development, fertility has declined less rapidly. We now know that major socio-economic transformation is neither a necessary or sufficient condition for substantial fertility declines.

Although development measures such as education, health services and improvements in the status of women are important in their own right and indirectly influence family size ideals, in terms of the impact on fertility, direct measures such as information, education and family planning services are by far the most cost-effective measures and are themselves an important instrument of development. It is now clear that those countries which have been the most successful in their population programs combined strong government commitment to population activities with an economic and social climate which favored changes in public attitudes with regard to contraception and family size. Programs were additionally successful if they made substantial use of community networks and of local people for the delivery of services.

Accumulated research on the cost-effectiveness of family planning measures is summarized in Exhibit 5. Note that female education, a factor most closely associated with declines in fertility, is more than seven times as costly a population intervention (based on number of unwanted births averted) as family planning services. The point is obviously not that governments should slacken efforts to provide education for girls, but rather that they should not consider such measures an effective substitute for family planning programs. In summary, we have now identified a small cluster of interventions, the most central of which is family planning, that need to be pursued together to achieve rapid fertility declines. We are no longer groping for solutions.

Unmet Requirements

Despite what we now know about the role which family planning plays in fertility declines, program efforts in the majority of developing countries fall far short of what is required to bring about substantial reductions in population growth. Exhibit 6, comparing contraceptive prevalence levels in selected countries, shows that while China, Costa Rica, Singapore and Taiwan have achieved contraceptive prevalence levels comparable to those in many industrialized countries (60 to 79 percent of married women of reproductive age), the majority of developing countries for which data is available have prevalence levels below 40 percent. In most of Africa, prevalence is below 10 percent.

Although in some of these countries, particularly in Africa, ideal family size remains high, survey data also suggests that half or more women in many Asian and Latin American countries want no more children and that a third did not want or plan their last pregnancy. A major portion of these women are not using any effective means of contraception. Exhibit 7 shows, for example, that more than 60 percent of women surveyed in Sri Lanka want no more children, but only about 30 percent are contracepting. In all the countries listed, expressed demand for fertility control has stayed far ahead of actual use, suggesting at least in part a substantial gap in services.

Trends in Population Growth

As noted earlier, many countries have made considerable progress in reducing birth rates, exceeding in some respects the rate of progress which could have been anticipated ten years ago. Unfortunately, progress has not been sufficient or widespread enough to lower population growth rates in the majority of developing countries.

Between 1974 and 1984, the rate of world population growth declined from 2.0 percent to 1.7 percent. Declines occurred in both developed and developing countries, but the changes were very uneven, with little or no decline occurring in the majority of developing countries. Among the latter group, the most significant single decline occurred in China (from 2.4 percent to 1.2 percent.) If China is excluded from the calculations, the decline in the population growth rate of developing countries is slight: from 2.5 to 2.4 percent. Population growth rates have actually increased in a number of developing countries, including some in Western Asia and nearly all of those in sub-Saharan Africa, where the population growth rate has increased from 2.7 percent to 3 percent.

These trends are explained by the fact that, although birth rates declined in many countries, fertility declines were offset by corresponding declines in mortality. If current efforts to lower birth rates continue, the rate of increase of world population could be reduced to about 1.5 percent by the end of the century. However, if efforts to reduce fertility further do not succeed, the rate of growth could remain above 1.7 percent through the remainder of the century.

Annual increments added to the world population have not declined and are expected to increase. This trend is illustrated graphically in Exhibits 8a and b. In 1974 world population was increasing by 79 million a year. Today it is increasing by 82 million a year and is projected to be increasing by about 89 million a year between 1995-2000. This anomaly results from the increasingly large number of couples who will be reaching reproductive age in the coming decades, almost all of whom have already been born. In the 16 years from 1984 to 2000, world population is expected to increase by 1.3 billion, from 4.8 to 6.1 billion, an increment greater than the combined present populations of Africa and Latin America. As graphically illustrated in Exhibit 9, 56 percent of this increase will occur in Asia, 25 percent in Africa and 11 percent in Latin America.

To summarize, the momentum of population growth remains an extremely powerful force and, while the rate of growth has declined, actual numbers added annually remain high and are increasing. In some regions there has been very little change, and growth rates may rise in the future. Further intensified actions are thus clearly required to achieve a substantial moderation of population growth in most countries.

Trends in Age Structure and Population Distribution

In most developing countries high rates of population growth have further aggravated unfavorable ratios of children to adults. These trends are illustrated in Exhibit 10. In 1975, in the developing countries, there were approximately 1,216 million children under age 15. By 1984 this number had grown to 1,337 and will reach 1,610 million by the year 2000. In developing countries children under five years of age represent over 13 percent of the population, but only 7.5 percent in developed countries. A high proportion of children or of elderly in a population creates an unfavorable dependency ratio, which may in turn have consequences for social and economic development.

In the last decade there have also been important changes in the geographic distribution of populations as a result of internal and international migration. Of greatest significance is the fact that the urban population of the world has increased by 29 percent, from 1.52 billion to 1.97 billion. The urban population of some areas, such as East Africa, has doubled in ten years. It should be noted that high rates of urban growth are the result not only of heavy rural to urban migration, but also of high urban birth rates. In most developing countries urban births account for about 60 percent of urban growth.

Exhibit 11 shows some of the results of rapid urbanization. In 1950 only 11 cities in the world had populations of more than 4 million; three of these cities were in developing countries. By 1980 the number of such cities had risen to 38 and if present trends continue there will be almost 80 such cities by the end of the century, 59 of which will be in the developing regions. The continued growth in needed expenditures for urban infrastructure, the inevitable expansion of urban slums and the increase in urban unemployment, especially among youth, have become major factors in the political viability of developing country governments. Efforts to influence internal migration patterns, however, have met with very mixed success.

The continued pressures of population growth have very serious social, economic and political consequences for most developing countries and indirectly for the industrialized countries of the West. Both from a humanitarian and a self-interest perspective, the industrialized countries cannot insulate themselves from the problems of the Third World. We in the United States cannot ignore famine in Africa or the death of hundreds of thousands of children a year from preventable causes. And by the same token, we cannot ignore the possibility of economic or political collapse in any one of the dozens of developing countries where we or our principal allies have important economic or strategic interests.

Population growth is certainly not the direct cause of poverty and political instability in the Third World. But because it puts additional strains on economic and political institutions and because it helps create new sources of conflict between nations, rapid population growth is undeniably a factor in future world prospects for peace and prosperity.

Trends in Economic Development

During the 1960s, Gross Domestic Product in developing country market economies grew at a relatively robust rate of 6 percent annually. However, because population also grew, at approximately 2.7 percent per year, per capita GDP increased by only 3.3 percent. During the decade of the 1970s, this situation worsened. GDP grew by only 5.2 percent and per capita GDP by only 2.6 percent. In the low-income petroleum importing countries, per capita GDP grew hardly at all and in some cases declined. These trends are summarized simply in Exhibit 12. Given the economic recession of the early 1980s, it will be exceedingly difficult for many countries to reach the 4.6 percent annual growth in per capita GDP called for in the International Development Strategy for the Third United Nations Development Decade.

Of the many factors contributing to slower rates of economic growth over the last decade, two are of special significance for developing countries with high population growth rates. These are: (a) the inadequacy of national efforts to generate internal savings required to finance domestic development; and (b) the deteriorating balance of payments situation leading to shortages of foreign exchange. During the 1960s, total savings in developing market economies grew at an 8.8 percent rate. This rate fell to 5.2 percent during the 1970s. Although by 1980 developing countries were sustaining a high rate of gross investment (27 percent of GDP), this level of investment was made possible only by greatly increased borrowing from abroad, with the result that the international indebtedness of developing countries has now reached 700 billion dollars.

Between 1970 and 1980, the developing market economies also saw their share of world exports decline from 23.5 percent to 20.4 percent, while their share of world imports increased from 16.2 percent to almost 21 percent. In part, these trends reflect the fact that some developing countries that were once exporters of foodstuffs now must meet some of the nutritional needs of much larger populations through food imports.

Although the ability of countries to generate internal savings or to improve their terms of trade is related to many factors, one of them may be the rate of population growth. High rates of population growth and large families create an unfavorable dependency ratio at both the aggregate and household levels, probably reducing the amount of income which can be set aside from current consumption to finance investment, other factors being equal. This is likely to be the case even in countries where cultural traditions, income levels, and government fiscal policies encourage saving. Although the role of demographic factors in savings and investment is still a matter of controversy, it is perhaps significant that, over the last decade, all countries with moderate to low rates of population growth achieved good rates of capital formation, while the performance of countries with high population growth rates has been mixed.

Trends in Employment

Expanding employment is an important social as well as economic goal, and combatting unemployment and underemployment is essential for the elimination of poverty. But the achievement of higher rates of employment presents a formidable challenge for countries experiencing rapid labor force growth. Between now and the year 2000, developing countries will need to find employment for 700 million new entrants into the labor force, a number almost equal to the combined labor force of the industrialized countries. In nearly every developing country, new job requirements will grow at staggering rates, at least until the year 2000 and probably until 2025. Many observers believe that it is beyond the abilities of most countries, even with accelerated investment, to provide employment to more than 70 percent of the labor force over the next several decades.

Moreover, as the labor force in developing countries has expanded, most new workers have been absorbed into agricultural and informal commercial sectors characterized by high underemployment. These trends have tended over the last decade to perpetuate low productivity and low wages.

Levels of employment and unemplyment are determined in the long run by a combination of factors, including demographic trends, patterns of technological change, labor force participation rates and social or political features specific to countries. Over the next 15 years fertility patterns will not, moreover, greatly influence labor force growth, since most new entrants have already been born. Over the longer term, however, population policies adopted now will make it easier for countries to balance labor force expansion with the creation of new economic opportunities.

Trends in Food Production

Globally, the growth of food production during the 1960s and 1970s more than kept pace with population increases and is projected to do so in the future. The problem of adequate food supplies lies less with the overall growth of food production than with its distribution within and between counries and the lack of purchasing power among the low-income groups who are nutritionally at risk. But even though per capita food production has increased in the developing countries as a whole, in many poor countries population continues to grow more rapidly than food production, and some developing countries actually registered declines in per capita production in the last decade. (see Exhibit 13). in africa, for example, the rate of growth in agricultural production fell to 1.7 percent during the 1970s, while the rate of population growth increased to 2.9 percent, a situation which has created food deficits of massive proportions. on a global basis, cereal import requirements for developing countries, now estimated at 105 million tons, may grow to 250 million tons by the end of the century.

For some developing countries, particularly those of south Asia, arable land expansion will not suffice in the future to achieve the required increase in food production, and increased yields through greater and more efficient use of agricultural inputs will be costly. In certain other regions, the expansion of arable land entails serious ecological risks. For all countries, all potentially arable land is expected to be under cultivation in the next two to three decades. Meeting the goal of eliminating hunger and malnutrition will thus require changes in both agricultural and demographic trends.

Trends in Education and Health

In the developing countries, between 1960 and 1980, the gross enrollment of children in primary schools increased by 139 percent and the percentage of children enrolled increased from 60 percent to 86 percent. A remarkable achievement. In absolute numbers, however, the struggle against illiteracy has lagged behind population growth. Between 1970 and 1980, for the world as a whole, the number of illiterates increased from an estimated 760 million to 825 million. Since education, particularly education for girls, is assumed to have a strong impact on birth rates, it is of particular concern that lower enrollment rates and high drop-out rates for girls have persisted. It is estimated that 80 percent of the world's illiterates are women. Future rates of population growth will affect the level of effort which developing countries will have to make to expand educational opportunities and particularly to provide equal access to education for women.

Like education, health is one of the most important measures of social development and individual well-being. Improvements in health, particularly in child survival rates, are also considered to have important indirect effects on fertility patterns. In the last decade substantial progress has been made in maternal care and in the immunization of young children. Despite this progress, achievements in health have fallen short of the targets set for increased life expectancy and reduced infant mortality. There are indications that the rate of mortality decline has slowed.

In 1980 more than half the population of the developing countries still lacked access to safe water and sanitary facilities, factors which contribute greatly to high levels of mortality and morbidity. Improvements in environmental health and access to basic health services are possible if sufficient resources are made available. But the level of resources required will be determined in part by rates of population growth and in many countries population growth has outrun the resources which governments have been able to mobilize.

Trends in Natural Resources

From a global point of view, the supply of mineral resources, excluding energy resources, does not for the moment pose a problem of absolute scarcity, and even conventional energy resources appear sufficient to meet development requirements up until the year 2000. However, it should be recognized that supplies of such resources are finite and that for some of them, readily available, less expensive supplies have already been consumed. Moreover, political instability in key countries, perhaps aggravated indirectly by population pressures, can seriously disrupt world supplies.

Prospects are rather less bright with respect to land and water resources. In some countries, expanding human and animal populations have already led to the degradation of the land resource base needed to support future food production. The task of meeting increased food requirements in many countries involves further environmental risks. The apparent availability of large unused land areas is misleading. In Latin America, two thirds of projected land expansion would take place in areas where the ecological risks are high.

The clearing of forests for farm land and excessive fuelwood collection have resulted in the disappearance of tropical forests at an unprecedented rate. Unfortunately, in many cases the temporary gains in cultivatable land have been offset by rapid declines in soil fertility and negative effects on water retention. Desertification continues on a broad scale; some 6 million hectares are lost or impaired annually as a result of drought combined with overexploitation.

Implications for U.S. Policy

Let me now attempt to summarize what these various trends might mean for future U.S. policy.

First, although we are beginning to make headway against rapid population growth in a number of countries, we have by no means solved the population problem. The situation is not hopeless, but it remains urgent. In most of the developing world, birth rate declines have not been sufficient to reduce population growth, given the continued decline in death rates and the expansion in the number of couples of reproductive age.

In most developing countries, population program efforts are insufficient to meet even the expressed demand for family planning services, much less to have an impact on levels of motivation. Even in African countries, where attitudes at both the official and grassroots levels have been particularly slow to change, demand is now outrunning contraceptive supplies and illegal abortion is becoming, in the words of public health officials, "epidemic." With the exception of a handful of countries, mainly in Asia, official policies to reduce population growth have not yet been translated into effective program implementation. Budgetary allocations, although increasing, are still small relative to needs. Bureaucratic incompetence, corruption and poor program design further reduce the impact of inadequate expenditures.

Donor assistance, in real dollar terms, has grown only modestly. As shown in Exhibit 14, U.S. population assistance of $211 million for fiscal year 1982, for example, was worth less than the $121 million provided in 1972, the first year population became a separate line item in the foreign aid appropriation.

Population experts estimate that an additional $150 million in donor assistance is needed this year to meet specific funding shortfalls in family planning service projects, training, contraceptive supplies, operations research, demographic analysis and contraceptive development. A minimally adequate international budget for population programs - adequate to reach a target population of about 300 million couples with the most basic information and services - would require a tripling of donor assistance from $450 million to about $1.4 billion and a quadrupling of developing country expenditures from about $850 million (exclusive of China) to about $3.5 billion. Moreover, by the end of the century this target population will have increased by one third.

As these figures suggest, U.S. financial assistance to international family planning efforts cannot solve the population problem. The solution lies in the future fertility behavior of hundreds of millions of couples, most of whom do not now have the information and means to exercise choices about childbearing. The major responsibility for meeting these needs lies with governments and private agencies within the developing countries.

However, the United States can continue to play a critical role. Current levels of commitment to population programs are in large part the result of U.S. leadership over the last 20 years. The institutional capacity to undertake such programs has been built with substantial inputs of U.S. resources. U.S. agencies - public and private - remain the principal repository of expertise on service delivery, demographic research and contraceptive development. Our willingness to provide increasing amounts of financial and technical assistance, directly or through multilateral and private channels, will remain a critical factor in future population initiatives.

As a nation we must, therefore, reestablish the sense of urgency which characterized our early commitment to population assistance. We must use our diplomatic leverage on individual developing countries, on other donor governments and on international organizations to raise the total level of resources allocated to population efforts. We must lead the way by increasing our own financial commitments to population assistance at least two-fold over the next several years, and we must increase support for contraceptive development.

We must also work harder to ensure that population programs make more effective use of available resources by insisting on greater use of the private sector (non-profit and for-profit); decentralization and community involvement in government programs; a full array of contraceptive choices; greater reliance on para-professionals; and improved public information campaigns.

And finally, we must give priority in development assistance programs to those social and economic measures most likely to change attitudes toward family size. Most importantly we must work to ensure that women become equal partners in the development process, fully integrated into the social, economic and political lives of their countries.

Over the past 20 years, U.S. leadership in the population field has relied heavily - sometimes exclusively - on congressional initiatives. If we are to meet the challenges that lie ahead, Congress will again need to set the pace.

In closing, let me thank the committee again for the opportunity to share in this important discussion.

EXHIBIT 1

OFFICIAL POLICIES ON FAMILY PLANNING

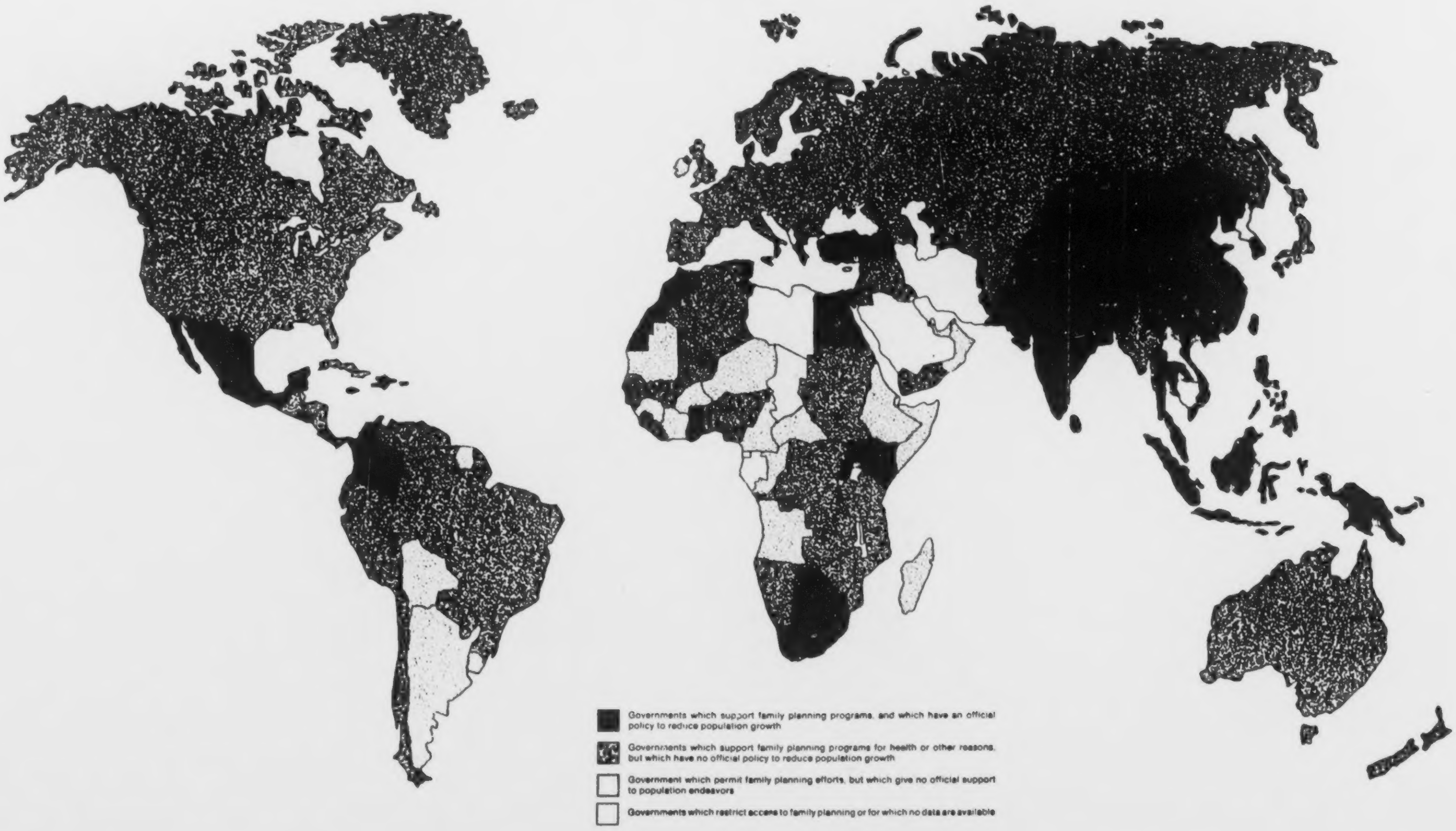
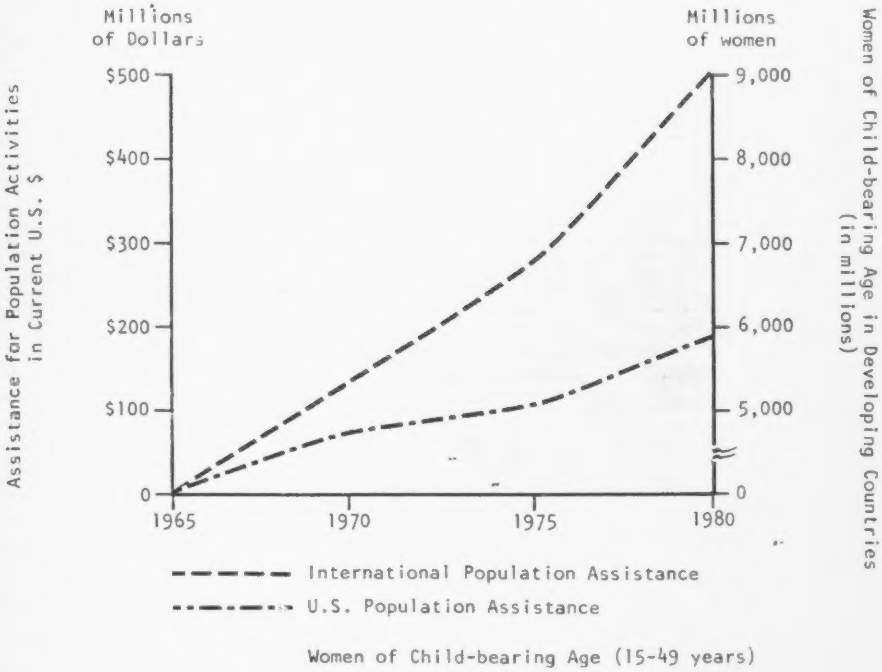

■ Governments which support family planning programs, and which have an official policy to reduce population growth
▨ Governments which support family planning programs for health or other reasons, but which have no official policy to reduce population growth
☐ Government which permit family planning efforts, but which give no official support to population endeavors
☐ Governments which restrict access to family planning or for which no data are available

EXHIBIT 2

INTERNATIONAL AND U.S. POPULATION ASSISTANCE IN CURRENT U.S. DOLLARS
and
NUMBER OF WOMEN OF CHILD-BEARING AGE (15-49 years) IN DEVELOPING COUNTRIES
1965 TO 1980



Before the World Population Conference in 1974, the United States provided at least three-fourths of all governmental population assistance; since then other nations have greatly increased their contributions. Since 1979 the combined contributions of other governments have exceeded that of the United States, which now provides under 40 percent of total support.

Sources: United Nations
U.S. Agency for International Development

EXHIBIT 3

PROPORTION OF FUNDING PROVIDED BY SELECTED LDCs FOR NATIONAL POPULATION ACTIVITIES

1980

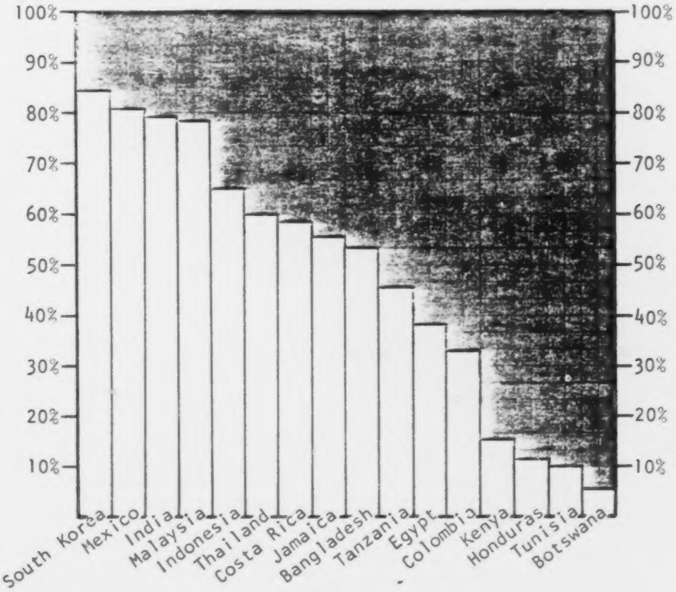


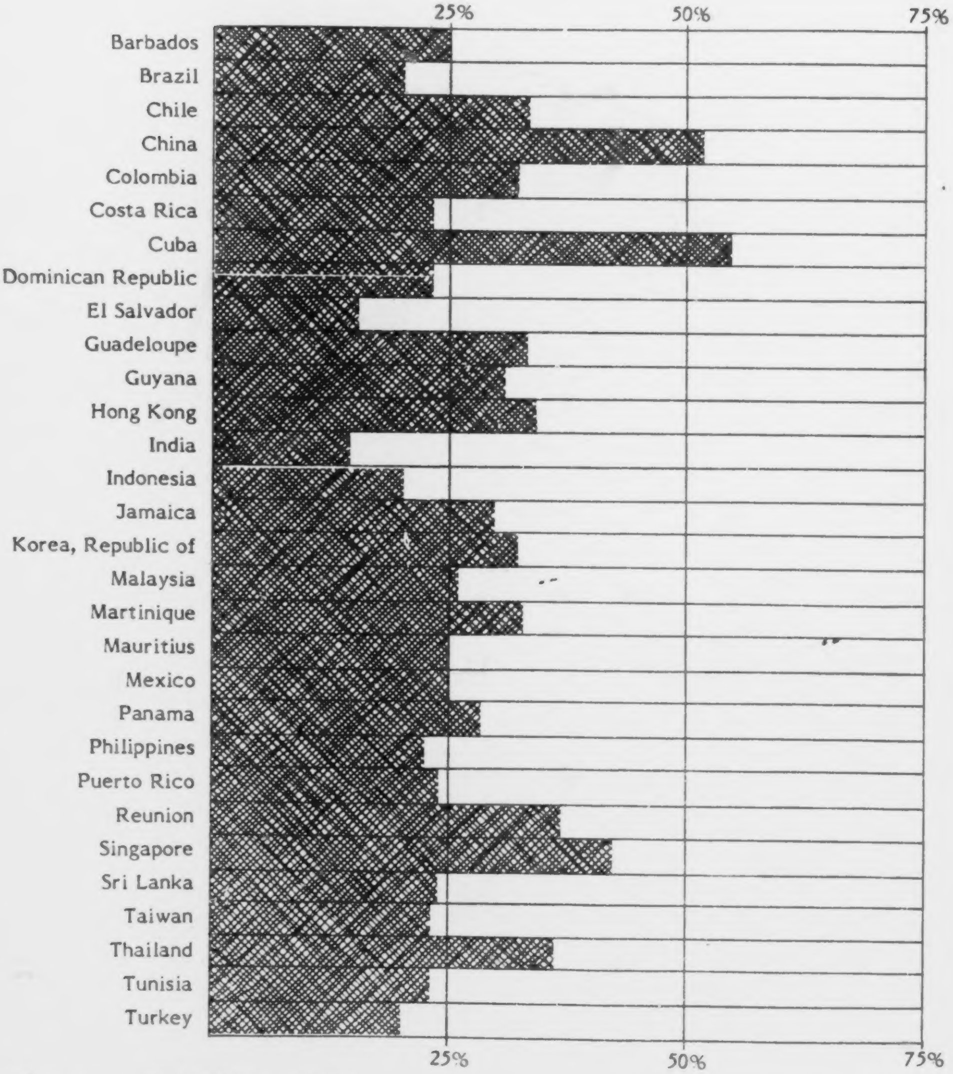
Table includes selected LDCs for which data is available on national budgetary allocations to population and family planning.

A large number of LDC governments feel that rapid population growth has a serious negative impact on their development efforts and are increasing their budgets for national population programs. Countries such as South Korea, Mexico, India and Malaysia now provide most of the funds for their family planning activities. Whereas in the 1960s most population programs were funded by foreign assistance, today many developing countries provide a substantial portion of needed funds.

Source: Office of Technology Assessment,
Congress of the United States

EXHIBIT 4

Fertility Declines in Thirty Developing Countries
1965 - 1980



Sources: PRB 1981 Data Sheet
United Nations (Selected Demographic Indicators & Demographic Yearbook)
U.S. Bureau of the Census
World Fertility Survey

EXHIBIT 5

THE MARGINAL IMPACT OF EXPENDITURE ON ALTERNATIVE INTERVENTIONS TO REDUCE FERTILITY

Single Intervention	Basis of Calculation	Cost
Family Planning Field Worker Visits	$2 per visit times 11 visits to avert 1 birth	$ 22
Female Education	$10 per woman-year of education times 8 years to avert 0.5 births per woman educated	160
Reduction in Infant Mortality	$20 per family for nutritional program to prevent 1 infant death out of 450 live births and to thus avert 1 additional birth	800
Rise in Per-Capita Incomes of Poor	$4.38 million to increase incomes of poorest 40% of population by 1%; 1,440 births averted	3,042

NOTE: No allowance has been made for the possible synergistic effects of a combination of direct and indirect interventions. In actuality, the costs of the three non-family planning programs might be higher because the cost of a method of direct birth prevention has not been included.

Source: Adapted from George B. Simmons. "Family Planning Programs or Development: How Persuasive is the New Wisdom?" *International Family Planning Perspectives*, Vol. 5, No. 3, Sept. 1979, p. 107.

EXHIBIT 6

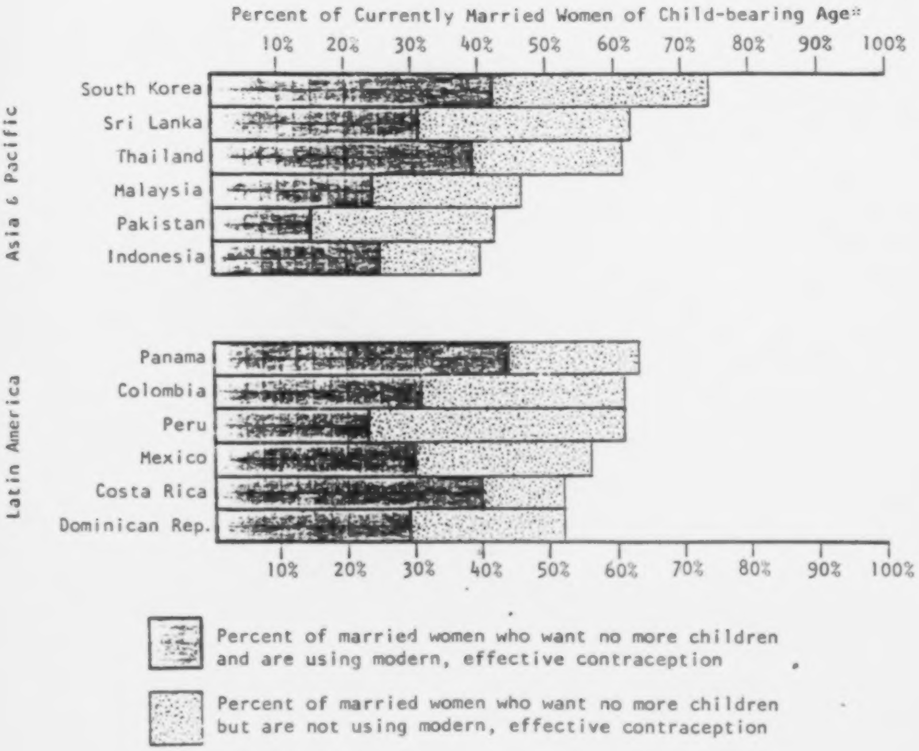
CONTRACEPTIVE PREVALENCE IN SELECTED COUNTRIES
(percent of married women of reproductive age using contraceptives)

VERY LOW (0-19%)	Bangladesh Ghana Guatemala Lesotho Kenya Nepal Pakistan Senegal Zimbabwe
LOW (20-39%)	Dominican Republic El Salvador Haiti India Indonesia Jordan Korea, Republic Malaysia Mexico Peru Philippines Sri Lanka Syria Tunisia
MODERATE (40-59%)	Colombia Jamaica Mauritius Panama Romania Spain Trinidad & Tobago Turkey Venezuela Yugoslavia
HIGH (60-79%)	China Costa Rica Denmark England & Wales France Hungary Japan Netherlands Norway Singapore Taiwan United States
VERY HIGH (80-100%)	Belgium Czechoslovakia Finland Hong Kong

SOURCE: World Fertility Survey
Population Council

EXHIBIT 7

WOMEN WHO WANT NO MORE CHILDREN BUT ARE NOT USING MODERN, EFFECTIVE CONTRACEPTION



While the practice of contraception is increasing in developing countries, there is still a large unmet need for family planning services among a substantial proportion of the population. In some countries, over half of the married women who want no more children remain unprotected from pregnancies.

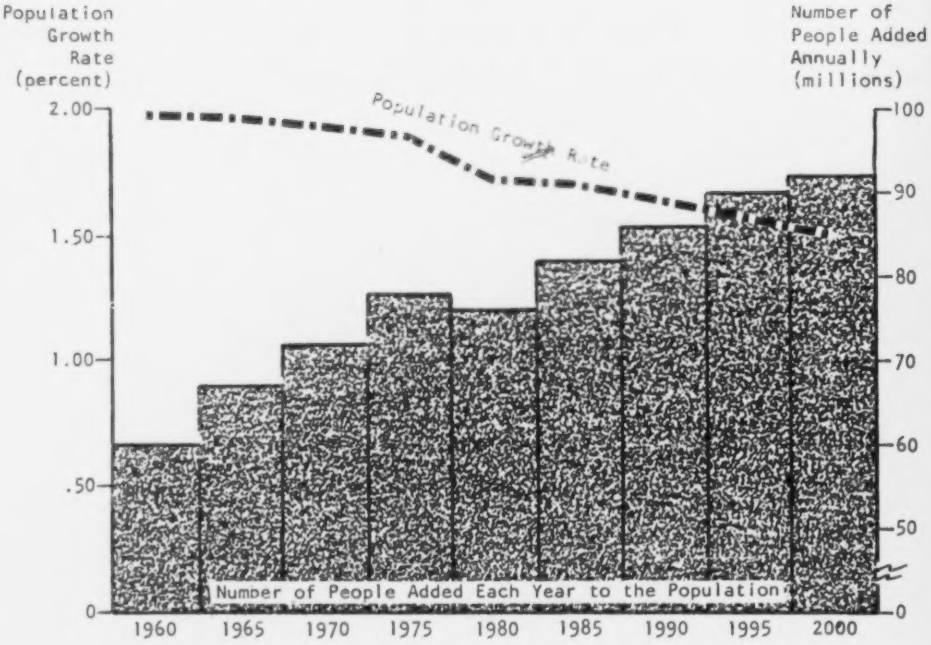
*15-44 years

Source: M. Kendall, "The World Fertility Survey: Current Status and Findings," *Population Reports*, Series M, no. 3, July 1979, Population Information Program, Johns Hopkins University, Baltimore, Maryland.

EXHIBIT 8a

POPULATION GROWTH RATES AND ANNUAL POPULATION INCREMENTS

1960 - 2000



Source: United Nations
(medium variant, 1980 assessment)

The global population growth rate peaked in the early 1960s, partly as a result of more effective contraceptives and wider contraceptive knowledge and services. But even though the growth rate is declining, the number of people added to the world each year continues to increase. This is because the base population on which the rates are calculated is becoming ever larger.

The current global population growth rate of 1.8 percent a year applies to a population of 4.7 billion for a gain of 85 million. Around the turn of the century, the United Nations projects, the growth rate will be down slightly (to 1.5 percent) but because the total population will then be 6.1 billion, the number of people added to the world each year will be up to 92 million.

EXHIBIT 8b

GROWTH OF WORLD POPULATION

Population Size	Year Reached	Time from Previous Level
1/4 billion	1 AD	Unknown
1/2 billion	1650	1650 years
1 billion	1850	200 years
2 billion	1930	80 years
3 billion	1960	30 years
4 billion	1975	15 years
5 billion	1988*	13 years*
6 billion	1998*	10 years*

The term "explosion" accurately describes recent population trends. Population grew very slowly during more than 99 percent of human history. It was in the centuries following the Industrial Revolution that population began to grow rapidly and this growth accelerated "explosively" after World War II, when the population of developing countries increased dramatically.

World population is doubling over and over in fewer and fewer years. Before the end of the century, it will probably reach 6 billion.

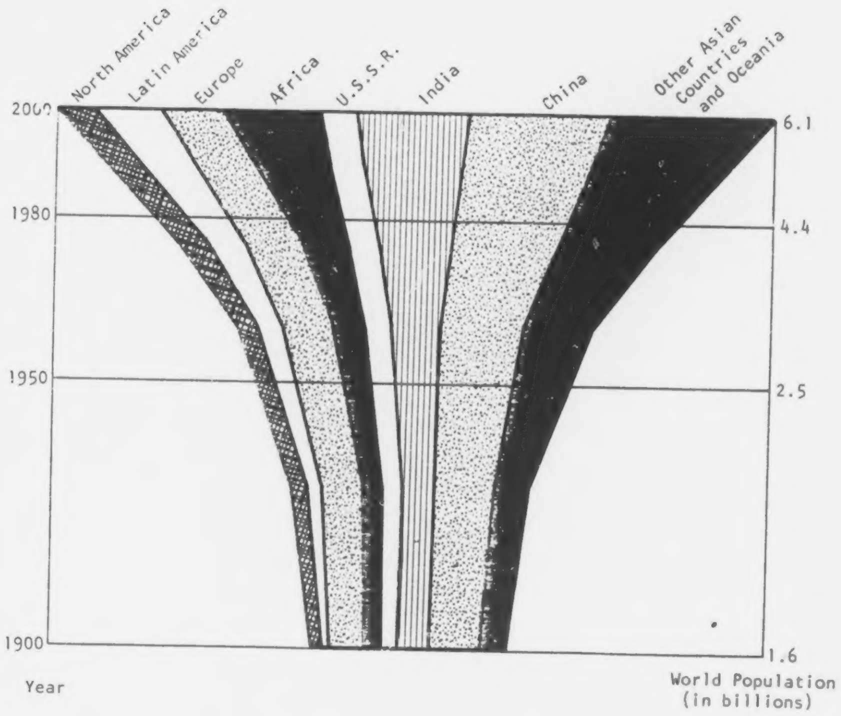
*Estimates

Sources: United Nations
Population Reference Bureau
Weller, Robert H. and Bouvier, Leon F. Population.
New York: St. Martin's Press, Inc., 1981.

EXHIBIT 9

POPULATION GROWTH AND DISTRIBUTION

1900 TO 2000

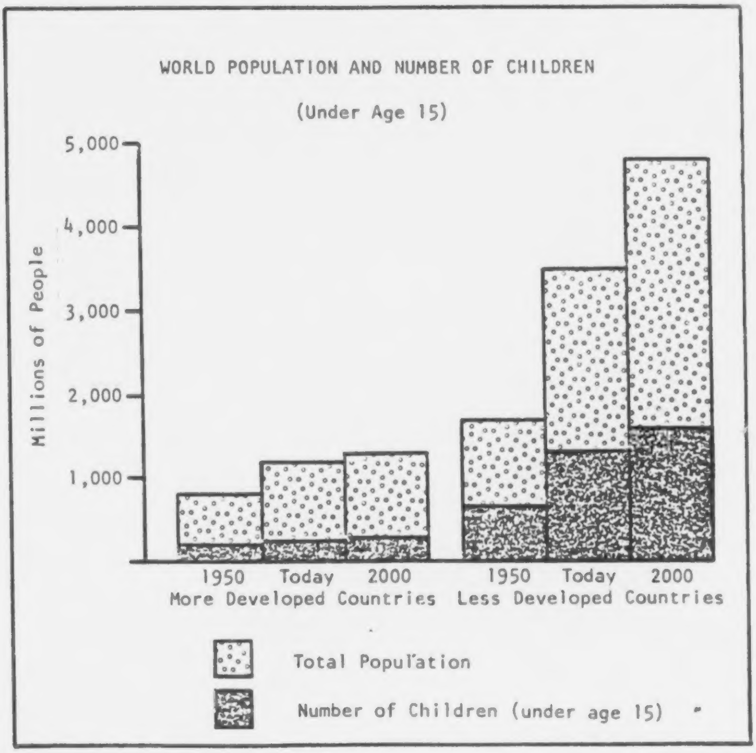


Every three years the earth's population grows by about as many people as are currently living in the United States. Ninety percent of this growth takes place in the developing world, which is ill-equipped to support larger populations.

The proportion of dependent children in most developing countries is over 40 percent of the total population. This high ratio forces governments to provide funds for immediate consumption, restricting private and public savings and inhibiting investment.

Source: Population Reference Bureau, 1981

EXHIBIT 10



In the developing world, there will be two and a half times as many children in the year 2000 as there were in 1950, an increase of almost 1 billion. In many developing countries, this rapid increase has meant that the needs of a large number of children - for food, housing, sanitation and schooling - has gone unmet and they have failed to receive a "fair start" in life.

Nationally, the large proportion of children relative to working adults puts strains on resources that otherwise might be spent on economic development. When an excessive number of children reach working age they swamp the labor market, and their passage into the childbearing years is a key factor underlying the high rate of population growth projected for future years.

Source: United Nations

EXHIBIT 11

THE WORLD'S 20 LARGEST CITIES in 1950 and in 2000

City	1950 Population (in millions)	City	2000 Population (in millions)
New York/N.E. N.J.	12.4	MEXICO CITY	27.6
London	10.4	SHANGHAI	25.9
Rhein-Ruhr	6.9	Tokyo/Yokohama	23.8
Tokyo/Yokohama	6.7	BEIJING	22.8
SHANGHAI	5.8	SAO PAULO	21.5
Paris	5.5	New York/N.E. N.J.	19.5
BUENOS AIRES	5.3	BOMBAY	16.3
Chicago	5.0	CALCUTTA	15.9
Moscow	4.8	JAKARTA	14.3
CALCUTTA	4.7	RIO DE JANEIRO	14.2
Los Angeles	4.1	SEOUL	13.7
Osaka/Kobe	3.8	CAIRO	12.8
Milan	3.6	MADRAS	12.3
RIO DE JANEIRO	3.4	BUENOS AIRES	12.2
BOMBAY	3.0	Los Angeles	12.1
MEXICO CITY	3.0	KARACHI	11.4
Philadelphia	3.0	DELHI	11.2
Detroit	2.8	TEHERAN	11.0
Naples	2.8	BAGHDAD	11.0
SAO PAULO	2.7	Osaka/Kobe	10.9

For Third World policymakers, one of the most devastating aspects of rapid population growth has been the massive growth of major cities, owing both to high urban birth rates and unprecedented farm-to-city migration. Mexico City, now the world's largest urban conglomeration with a population of more than 15 million, is projected to top 27 million by the end of the century (a nine-fold increase since 1950).

Cities this size are off the scale of human experience. Urban doubling times as short as 10 years in some countries and slum doubling times of less than 5 years create impossible strains on urban infrastructures, housing and employment. In Cairo, a population of more than 8 million depends on water and sewer systems built to support no more than 2 million residents; breakdowns, which are commonplace, threaten public health and safety.

Throughout the developing world, the inability of governments to keep up with even the most essential services for rapidly growing urban populations, combined with the visible contrasts between the lifestyles of rich and poor, are undermining public confidence in already-fragile political and social institutions.

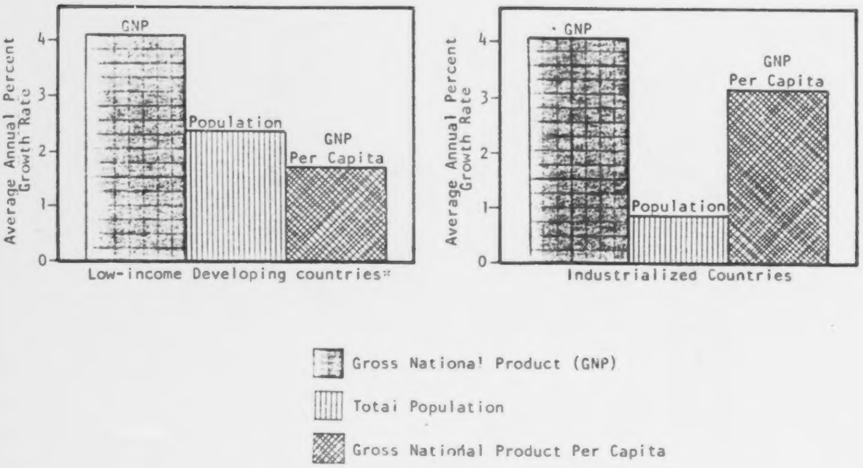
Source: United Nations

EXHIBIT 12

IMPACT OF RAPID POPULATION GROWTH ON PER CAPITA INCOME GROWTH

Average Annual Growth in Gross National Product, Population and GNP Per Capita

1960 to 1980



Even though from 1960 to 1980 low-income developing countries had overall economic growth rates roughly equivalent to those of industrialized countries, gains in per capita income - essential to raise individual living standards - were impaired by rapid population growth. Substantial investments in human resources were also outpaced by demographic growth.

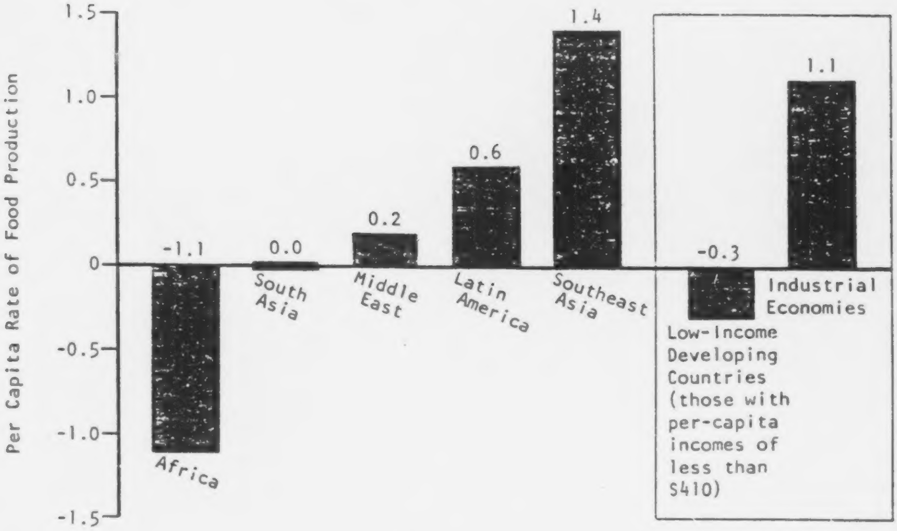
*Countries with GNP per person of $360 or below in 1977

Source: Population Reference Bureau

EXHIBIT 13

PER CAPITA FOOD PRODUCTION

1970 TO 1980



During the 1970-80 decade, worldwide agricultural output increased by 2.2 percent per year; but population growth sharply reduced the per-capita benefits of increased food production. In South Asia food production just kept pace with population growth. In Africa - and in the low-income developing countries in general - food output per person actually declined.

It is worth noting that the highest population growth rates in the world are found in Africa. The countries of Southeast Asia, on the other hand, have made the greatest progress among developing countries in lowering their birthrates.

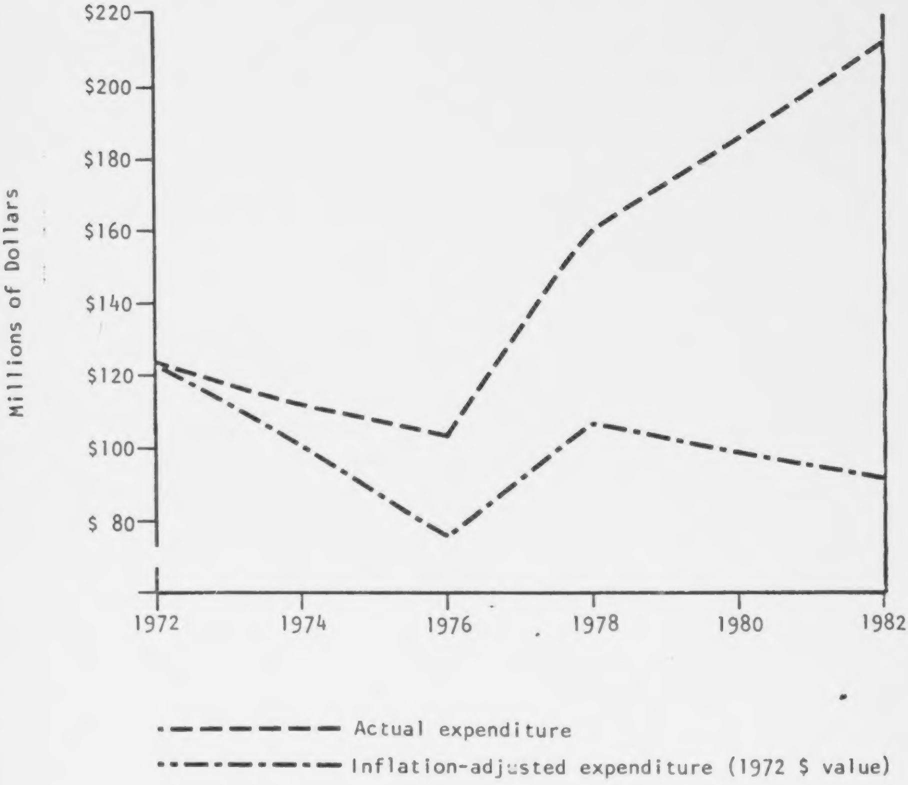
Note: China is excluded from these figures.

Source: United Nations
World Bank

EXHIBIT 14.

U.S. FUNDING FOR INTERNATIONAL FAMILY PLANNING

1972 TO 1982



Inflation has cut deeply into the funding the United States provides for international family planning efforts. Since 1978 there has been a steady decline, in real terms, in dollars available to meet the ever-expanding health, social and economic heeds of Third World people to limit their family size.

Sources: U.S. Bureau of Labor Statistics
U.S. Agency for International Development

Representative SCHEUER. Good. And we will have a chance to ask you some further questions. Thank you very much.

Mr. Paul Demeny, vice president, Population Council.

Please give us your informal summary of your views and, as I did before, refer to anything that you have heard this morning in about 8 or 10 minutes, and then we will have additional time for questions.

STATEMENT OF PAUL DEMENY, VICE PRESIDENT, POPULATION COUNCIL, NEW YORK, N.Y.

Mr. DEMENY. Thank you, Congressman. I am vice president of the Population Council. Obviously I will have to be very brief and give only a concise summary of my prepared statement. Its subject is too large to be covered satisfactorily in a few minutes. However, I request the subcommittee to place into the record my prepared statement that addresses this subject in some more detail.

I will economize on time by referring to the table attached to the text of my prepared statement. The table presents a comparison of population growth in the young labor force age population during the last 20 years—between 1960 and 1980—and contrasts this to growth that will occur between 1980 and the year 2000.

Why is this age group of particular importance for the subject at hand? There are two answers. The first relates to the peak rate of entry to the labor force, to maximum labor force participation, maximum utilization of productive skills if employed, maximum fertility, highest propensity to migrate, and similar characteristics attached to this young adult age group. Also, from the point of view of political stability, these are the age groups that are most sensitive to frustrated expectations. These are the age groups that can make revolutions.

Second, there is a demographic reason. As you know, population projections do not have the best press. There is a good deal of skepticism about the ability of demographers to predict the future. That skepticism is well taken. Predictions have often gone sour. But there is no chance for the table I am talking about to be proven incorrect. The people whose numbers are shown in the table have already been born. Their mortality is negligible. So we are in the fortunate situation to be able accurately to predict a very important feature of the next 20 years.

Well, if you concentrate, for brevity's sake, only on the last two columns of this table, you see a phenomenon that I think will underlie many of the deliberations of the Congress concerning foreign economic relations and foreign economic policy.

During the 1960's and the 1970's in the developing world the number of young adults increased by 355 million. In the next 20 years, in the 1980's and 1990's, the equivalent increase will be 635 million, a tremendous acceleration of growth. Not only the peak of demographic pressure has not passed, as many assume it has; in the developing countries the next 20 years will be far more difficult from the point of view of the tasks of absorbing the new entries into the labor force, giving them productive employment, and satisfying their expectations concerning material improvement than were the last 20 years.

Contrast this picture to the situation in the developed countries, which is presented here, as are developing country figures, in a breakdown by major geographic and political entities. Between 1960 and 1980, growth of the young adult population was 60 million. During the next 20 years the corresponding figure will drop to 20 million.

When we hear discussions in the United States, and in the industrially advanced countries in general, about how difficult it is to provide new employment, how difficult it is to absorb cohorts newly entering into the labor force, it is well to remember the contrast between the 20 million, the measure of the problem in the developed world, and the 635 million, the measure of the problem in the developing world.

Again, I repeat, these figures are not conjectures. These are statements of inevitable fact.

Now, what are the economic consequences of this tremendous demographic contrast between north and south, between developed and developing countries? Obviously, demographic factors will push toward further widening the income differentials between these two broad groups of countries. Demographic growth will make the economic problems of the developing world much more difficult. In particular, labor absorption will be a tremendous burden for them.

There is one qualification to that statement. For countries where the political system is sufficiently stable to avoid major turbulence, and sufficiently efficient to educate the large cohorts newly entering into the labor force and train them in productive skills, the abundance of labor supply available at relatively low wage rates will constitute a formidable asset in competing for international markets.

Several countries in the 1960's and 1970's in the developing world made great progress by utilizing precisely that advantage—an abundance of cheap but relatively skilled labor. The countries that best exemplify this progress in the developing world are Taiwan, Korea, Hong Kong, and Singapore. You will note that, relatively speaking, these countries are demographic midgets. Yet their successes were the subject of much heated discussion and the fairness of their export policies based on the advantage of low cost labor, were questioned.

If similar policies were followed and similar successes could be engineered by demographically large countries, the pressures on international trade relationships would be enormously magnified. Due to the demographic pressures I noted, this is a likely prospect in the coming decades.

Now, what will be the reaction of the developed countries to the competitive advantage that an abundance of low-cost labor may impart to the developing countries?

I think it is difficult to avoid the conclusion that protectionist impulses in the developed world will be greatly fortified by the basic demographic facts that will underlie international trade relationships in the coming decades.

Adam Smith talked about justification for protectionism on the basis of national defense. Alexander Hamilton and the German economist, Friedrich List, introduced the "infant industry" argument for protectionism. It is quite possible that in the next decades there will be a third potent argument for protectionism; namely, the argument that developed countries—that have a pattern of reproductive behavior resulting in slow population growth—cannot be expected passively to accept that the speed of structural transformations in their economies is determined by the reproductive decisions of hundreds of millions of couples in the developing countries.

What I am talking about, Mr. Chairman, is not a firm prediction of a particular outcome of trade policy, I am merely identifying a pressure that will bear on international trade policies. There is a conflict here, since the international system has very good reasons to maintain a system of free trade as the troubles of the protectionist 1930's sufficiently demonstrate. But maintaining free trade will be very difficult in view of the tremendous demographic differentials that I have noted. This is not fully realized in the discussions of international trade policies. But the issue cannot be ignored.

I conclude this brief summary with two comments.

One, I point out again that the demographic factors and trends that I have identified are here to stay for the next 20 years. There is nothing that population policy can do about them.

At the same time, it is clear that if in the 1980's and 1990's global demographic trends and international demographic differentials continue broadly on the same path as before, the strains that would be imposed on the international trade system after the turn of the century would become absolutely unmanageable.

Therefore, population policy to deal with these problems now is the highest imperative. Thank you.

[The prepared statement of Mr. Demeny follows:]

PREPARED STATEMENT OF PAUL DEMENY

Mr. Chairman:

My name is Paul Demeny. I am a Vice President of the Population Council in New York and Director of the Council's Center for Policy Studies. The Population Council, an international scientific and professional organization, is a nongovernmental, nonprofit institution established in 1952. I am testifying today at the invitation of the Subcommittee in my personal capacity.

I have been asked to discuss salient aspects of the relationships between global demographic trends and international economic relations and to comment on policy implications of those relationships as seen from the point of view of the United States.

Obviously this is a vast subject. I would request the Subcommittee to place into the record a recent statement of mine that addresses this subject in some detail.[1] To put the few minutes allotted to me this morning to best use, I will confine my remarks to comment on a single table of population statistics and projections that you have in front of you. The table shows observed global trends in the size of the young labor force-age population, those between age 20 and 40, during the 1960s and 1970s, and projected trends of the same population during the 1980s and 1990s. The trends are shown separately for the developed and the developing countries. Within each of these broad groups, figures for major geographic components are also indicated. The first line of the table, Northern America, combines figures for the United States and Canada.

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[1] Paul Demeny, "Population Policies," in Population and the World Economy in the 21st Century, ed., Just Faaland. New York: St. Martin's Press.

This table should be of prime interest to anyone concerned with the evolution of international economic and political relationships during the rest of this century.

Why concentrate attention on changes in the size of the 20 to 40 age group? There are two answers to this question. First, changes in the numbers of young adults are of special economic, political, and demographic significance. Growth in this age group is closely linked to the rate of entry into the labor force. Persons in this age group have the highest level of labor force participation. They acquire and accumulate productive skills at the highest rate, at least if circumstances permit. They form new households, have children, and bear prime responsibility for raising the next generation. Labor mobility is at its peak during the young adult ages, as is the propensity to migrate. Satisfaction or frustration of economic expectations within this age group is most closely related to political stability or lack of it; a proposition suggested by common sense and demonstrated by historical experience.

Secondly, projecting the number of young adults for the medium term—say the next twenty years—is exempt from most of the errors that tend to affect population projections. Those who will be 20 to 40 years old in the year 2000 have already been born. Mortality trends for these ages affect the precision of forecasts only negligibly. Thus the figures in the table represent the rare example of a significant aspect of the future that can be predicted with near certainty. They also present an opportunity to compare in accurate quantitative terms an important feature of the observed past—in this instance the experience of the period 1960 to 1980—with analogous changes in a comparable period that is yet to be experienced.

What do these comparisons show? There is a spreading popular belief which holds that the demographic explosion that imposed so heavy a strain on the economies of the developing world during the 1960s and 1970s has passed its peak; that the prospects now are for a gradual easing of demographic pressures. A corollary of this belief is the proposition that demographically, developing and developed countries are converging. The table demonstrates that with respect to the crucial young adult age groups, these optimistic assumptions are utterly unfounded.

In the developing world, the comparison between the 1960s and 70s, on the one hand, and the 1980s and 90s, on the other, shows an overall tendency of accelerating growth, in contrast to a marked deceleration of growth in the developed countries. Thus demographic differentials between these two broad groups of countries are widening. During the rest of this century, the number of young adults in the developing countries will be expanding at the rate of 2.6 percent per year, while the corresponding figure in the developed world will be 1/10th of that rate: about 1/4th of 1 percent. The contrasts in absolute numbers are even more telling. Between 1980 and 2000, the developing countries will see the number of young adults increase by more than 630 million; the developed countries will experience an increase in this age group of merely 20 million. The corresponding figures during the preceding two decades were 350 and 60 million. Regional diversities with respect to the growth of the young adult population exist within both broad groups, but they are dwarfed by the overall contrast between developed and developing countries.

What are the economic implications of the demographic trends I have outlined? Discussions of economic problems, national and international, are dominated by day-to-day considerations. The underlying movements that give rise to and shape these problems are hardly noticed, yet their influence in the longer run is paramount. Demographic trends in the 1980s and 90s will pull in the direction of widening the differentials in factor endowments that make labor relatively abundant in the developing world and relatively scarce in the developed countries. In the developing countries, they will retard the tempo (in relative terms) at which productive skills are accumulated, already- existing advanced technologies are introduced, and labor-saving and labor productivity-increasing innovations are developed and adopted. Exploiting the advantages of being a technological follower will be more difficult. The process of eliminating the structural backwardness in these economies will be slower than could be the case with less rapid rates of expansion of the labor force. The problem of accommodating within the traditional sector of the economy the population not absorbed into the modern sector will be more difficult, both economically and politically, as will be the problem of coping with open unemployment.

At the same time, demographic trends in developing countries will exert a powerful force toward keeping real wages down and, if political stability is maintained, toward keeping the labor force docile and pliable. In countries that succeed in combining such conditions with an effective educational system and a system of basic welfare measures, an abundant supply of labor will constitute a formidable asset in competing with the established industrialized countries in international markets for mass-produced goods.

Theoretically, of course, under a system of international migration unimpeded by political/administrative controls, the existing large wage differentials between developed and developing countries and the demographic trends I have described would tend to generate vast compensating migratory flows. But the proposition cannot be tested since the premise is plainly false. International migration is controlled, indeed for practical purposes prohibited, across international borders in many areas of the globe; elsewhere interference with migration imposes costs that are high enough to discourage movement, whether initiated by the potential migrant or by the potential employer or host. Although the current volume of international migration, legal and illegal, is probably at a historic high and still increasing, that volume is dwarfed by the magnitude of natural demographic increase in the developing countries. The existing flows of migration tend to lessen international income differentials, but on a global scale this effect remains a minor one.

Given the immobility (immobility in comparison to what would be dictated by economic forces) of the human agent in production, international trade and the international mobility of capital and entrepreneurship are the potentially most powerful forces working toward economic integration, hence toward lessening international economic and demographic differentials. Free trade and complete mobility of the factors of production other than labor and geographically fixed resources would lead in principle to worldwide equalization of returns to productive services, including returns to labor. For a variety of reasons, well elaborated in economic theory, in practice we can expect to observe merely a tendency in that direction. International trade and capital movements within the industrialized countries in the decades since World War II support this proposition, but the consequences of trade relationships and capital flows between developed and developing countries appear to offer less encouraging lessons.

The decades since World War II did witness a great expansion of international trade and capital movements involving the developing world as a whole. However, expansion has been heavily concentrated in the relatively better-off developing countries and, in particular, in the small group of newly industrialized countries. The intensive participation of these countries in international trade helped to bring about income gains that greatly surpassed population growth and narrowed the income gap betwen them and the developed countries.

A key question of development in general and of international relations in particular is the extent to which this successfully tested recipe of export-led growth will be open to the rest of the developing world in the 1980s and 90s. Demographic comparisons suggest pessimism in answering this question. Even if trade were as relatively unmimpeded as in the 1960s and 70s, scale differences alone make it virtually certain that the successes of Singapore and Hong Kong, or of Taiwan and South Korea in penetrating the markets of the advanced industrialized countries cannot be duplicated in the coming decades by Indonesia and Pakistan, or by China and India. Substantial penetration could be achieved only with terms of trade that would be extremely disadvantageous to the developing world. At the same time such success would have highly disruptive effects on patterns of domestic employment in the developed countries.

It is impossible not to conclude that during the next two decades demographic trends alone will put an enormous strain on efforts aimed to maintain the relatively liberal international trade policies practiced by the industrialized market economies of the developed world during the postwar decades. Those policies greatly contributed to the sustained economic boom that followed the end of World War II and were beneficial to all participating nations, if to an unequal degree. But because of underlying demographic factors, free trade may in the future generate costs that will tend to undercut political support for it in the developed world. Should that happen, the spread of protectionist policies in the developed countries could fatally weaken the ability of the developing countries to alleviate their population problem through vigorous participation in international trade.

Indeed, a reason that may increasingly be invoked in the future in justifying protectionist policies in the developed countries is demographic par excellence. In a system of free trade, but with international immobility of labor, the location decisions of industry tend to shift production to the lowest cost areas. Assuming political stability in the developing world, and given the existing state of transportation and communications technology, application of this principle would result in massive and rapid structural changes through the relocation of entire branches of industry from the developed to the developing countries. The labor force formerly employed in these industries would be forced to seek absorption in industries in which the developed countries have a comparative advantage (industries characterized by the need for special skills and by the most advanced technology), or in noncompeting branches of industry, notably in the geographically less mobile service sector.

These are not easy adjustments to make. Yet failure to make them, under conditions of open international competition, would tend to push real wages in the developed countries toward Third World levels. Trade theory suggests that as an equilibrium is regained after the initial disturbance, world aggregate output is maximized, and so is product per capita. This prospect, however, is small consolation for those who started off with an initial advantage in standard of living. Furthermore, political judgments about the desirable adjustments are unlikely to be dominated by the appeal of the equilibrium position. Indeed, equilibrium is an ever-receding prospect, given the continuing shift in relative factor endowments shown by the population projections I have described.

The focus of concern in the developed countries, and notably in the United States, about exposing domestic industry to international competition is more likely to be on the dominant adverse welfare impact of such an exposure: an adjustment process that imposes unwanted geographic and occupational mobility on workers at an overly rapid pace, renders acquired skills obsolete, and creates heavy frictional unemployment. Added to such economic costs are possible disutilities of a psychological or even aesthetic nature: dissatisfaction with the loss of the relative self-sufficiency of the domestic economy and regret about the near disappearance or even total loss of certain ways of life, which, if preserved, provide a sense of historical continuity to the nation. The compelling global economic logic supporting free trade and free capital movements notwithstanding, there is no reason to expect that the exercise of national sovereignty in deciding about the desirable speed of structural transformation will be abdicated by the developed countries in deference to the aggregate reproductive decisions of couples in the developing countries.

The foregoing comments do not lead to a prediction: they merely identify major underlying strains on the present system of international economic relations caused by demographic undercurrents that are certain to intensify in the foreseeable future. The stake of the international community in maintaining an orderly system of economic intercourse that assures a continuing increase of the global product is well illustrated by comparing the disastrous consequences of worldwide protectionism in the years between the two world wars with the relative success of the world economic system during the first three postwar decades. Examination of current and prospective comparative world population trends suggests, however, that some of the key assumptions underlying the operation of the international economy are increasingly contradicted by demographic realities.

The implications of these trends, I believe, are reasonably clear both for United States economic policy and for United States policy concerning global demographic growth. With respect to population policy, I should note that the conclusion is both somber and emphatic. Somber, because my argument indicates that demographic strains on the international economic system are bound to increase greatly during the rest of the century, yet there is not much that population policy can do about this. The problems are inevitable: they reflect the consequences of past demographic trends. Emphatic, because the implication is that policy attention to international population growth should be accorded the highest priority. It is in the long-term economic interest of the United States to help developing countries in their efforts to initiate and/or sustain and accelerate major reductions in fertility during the remainder of the century. Unless such endeavors are successful, demographically induced strains on the international economic system in the early 21st century will be further magnified and may prove beyond the system's capacity to cope with them.

SIZE, AVERAGE ANNUAL GROWTH RATE, AND ABSOLUTE INCREASE OF THE YOUNG ADULT POPULATION (AGES 20 TO 40) BY WORLD REGIONS, 1960-2000

	Young Adult Population (millions)			Growth Rate (percent)		Absolute Increase (millions)	
REGION	1960	1980	2000	1960-1980	1980-2000	1960-1980	1980-2000
Developed countries							
Northern America	51.6	81.5	84.3	2.29	0.17	29.9	2.8
Western Europe	94.4	106.4	111.9	0.60	0.25	12.0	5.5
Eastern Europe	28.6	32.8	33.3	0.69	0.08	4.2	.5
USSR	71.8	76.4	87.6	0.31	0.68	4.6	11.2
Japan	30.2	36.8	35.5	0.99	-0.18	6.6	-1.3
Oceania	3.4	5.6	6.8	2.49	0.97	2.2	1.2
TOTAL	280.0	339.5	359.4	0.96	0.28	59.5	19.9
Developing countries							
China	192.6	296.0	458.7	2.15	2.19	103.4	162.7
South East Asia	77.0	124.1	206.6	2.39	2.55	47.1	82.5
South Asia	168.1	268.1	452.2	2.33	2.61	100.0	184.1
W.Asia/N.Africa	33.6	55.6	104.8	2.52	3.17	22.0	49.2
Sub-Saharan Africa	58.8	97.4	183.2	2.52	3.16	38.6	85.8
Latin America	59.8	104.1	174.7	2.77	2.59	44.3	70.6
TOTAL	589.9	945.3	1580.2	2.36	2.57	355.4	634.9
WORLD TOTAL	869.9	1284.8	1939.6	1.95	2.06	414.9	654.8

Source: Based on United Nations population projections as assessed in 1982.

(Paul Demeny testimony March 20, 1984.)

Representative SCHEUER. Thank you very much, Mr. Demeny.

And now we will hear from Mr. Steven Sinding, Director of the Office of Population, U.S. Agency for International Development.

We now have our lighting system going. You will see we have a green light now, and in 8 minutes from now it will turn to an amber early warning signal, and then to a red.

STATEMENT OF STEVEN W. SINDING, DIRECTOR, OFFICE OF POPULATION, BUREAU FOR SCIENCE AND TECHNOLOGY, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. SINDING. I will do my best.

I appreciate very much this opportunity to speak about AID's population program. I am testifying as Director of the Office of Population.

I was asked to speak about why some population programs succeed while others fail, and you also asked me to talk about U.S. funding of international programs in the past and in the future. These are both broad topics, and I will try in the few minutes that I have to speak extemporaneously to address the high points of my prepared statement as quickly as I can.

Let me speak first about the question of why some programs succeed while others fail, and indicate that in fact we are talking here about a continuum from the very successful to programs which seem not to have gotten off the ground.

I would like to talk about three broad determinants of population program success, determinants which seem to characterize all successful programs and whose absence can be found in most programs that have not done as well.

The first I would identify is political commitment. We have discovered that in nearly all countries in which population and family planning programs have resulted in significant declines of fertility there was a strong government backing for the program. In many cases this involved the governments actually delivering family planning services through the system of public service delivery. In other cases it involved the governments simply taking an acquiescent position but permitting the private sector to actively support family planning programs and deliver family planning services.

A second characteristic or determinant that I would identify is administrative capacity, the ability of the government to deliver services of any kind. And in many instances it is possible by looking at how well the government is delivering agricultural extension or health services or nutritional services at the periphery to predict in advance how well it will do in the delivery of family planning services, particularly outside of urban centers.

The third determinant, and I will say the one that overarches the first two, is what about 5 or 6 years ago Bernard Berelson of the Population Council identified as "social setting," which is really a cluster of social and economic variables of the kind Ms. Camp talked about. We have identified, in the meantime, those that seem to be particularly important, among them female primary education, literacy, infant mortality rates, and so on, that set the broad context within which these first two factors operate, that is, political commitment and administrative capability.

The point I would like to make in reviewing what we have learned in 15 years of population program effort is that the particular juxtaposition of these variables with respect to one another will determine not only how effective a family planning program will be, but also what form of assistance will be most effective in producing the desired outcomes.

In cases where all three factors are positive—and I would identify Thailand, Taiwan, Colombia as examples—large-scale public and private family planning services as an approach have proved to be highly successful and brought about unprecedented rapid declines in fertility, at least by comparison with the experience of the West in its own demographic transition.

I think several of the countries of Southeast Asia and some in Latin America fall into this category.

A second group of countries would be those in which the social setting is favorable; that is, where modernization, economic and social change have proceeded quite far, but where, for a variety of reasons, governments are disinclined to become actively involved with direct delivery of family planning services.

In these countries we find that the private sector, at least supported tacitly by the government, permitted to do its own thing, can produce rapid and significant declines in fertility and rapid increases in contraceptive prevalence, even where the public sector is not involved in the direct delivery of services.

This is a situation that broadly characterizes Latin America where, because of the position of the Roman Catholic Church, a number of governments have found it convenient not to become actively involved in the promotion of family planning or fertility control.

The other two groups of countries I would like to talk about are less favored in terms of social and economic development, and where program efforts will, by itself, operate within a much less hospitable environment.

One can here identify again roughly two groups of countries, those in which the social setting is not particularly favorable but in which the government has taken an extraordinarily active role to try to promote family planning and decline in fertility, with some success. And I would particularly single out Indonesia, and to a lesser extent India, as countries where enormous public effort has, in the absence of significant economic and social development, produced very significant declines in fertility.

I would also perhaps identify Bangladesh as a country which may be moving in this direction as we see contraceptive prevalence rise to levels that 5 or 6 years ago were thought impossible in a country so desperately poor.

I would like to go on from this broad discussion of why programs succeed and why programs fail to talk a little bit about U.S. funding experience, the lessons we have learned on the basis of that, and where I see the AID program going in the years immediately ahead.

I think that Mr. Levin's characterization of the pre- and post-Bucharest situation is very apt, and I will not dwell any further on it, except to say that I would divide the period of substantial U.S. involvement in international population and family planning programs into three phases: That from the mid-1960's to the Bucharest conference, a period in which our resources were relatively abundant, support from Congress for the AID budget in population was extremely strong, and in which we assisted in building up a large international population and family planning service delivery capability.

After 1974, as more and more developing countries began to develop programs, we began to move toward a rough equilibrium between supply of funds for family planning programs and the demand from developing countries themselves for these resources.

I would agree completely with Congressman Levin's identification of 1979–80 as the watershed between the period of equilibrium in resources and the beginning of a period in which the supply of funds available for family planning and population activities in the Third World and the demand for those resources from the Third World has become increasingly strained. That is to say, resources inadequate from the donor countries as a whole and from multilateral agencies to meet the requirements of rapidly expanding family planning activities in the developing world.

Well, within this broad context, what have we learned?

First, we have learned that the severest critics of the left were wrong, those who doubted the efficacy of family planning. Family planning programs do work, not equally well in all places for the reasons I outlined in the first part of my presentation, but they do work.

Second, I think we have learned the private sector is critical in getting programs started and stimulating innovation. Lots of programs are underway. More than any other sector of development, it seems to me, population programs depend upon private agencies to succeed.

Third, I think we have learned in AID that a strong field team in countries, working with host country officials and with the private sector, makes a tremendous difference. This may not be as true in some other areas of development, but in population it seems to me the hands-on approach is critical.

Fourth, we have learned that all programs eventually reach a plateau. Where that plateau falls is going to depend principally on the determinants of program success that I talked about earlier, but they all seem to get there, and I think we are seeing plateaus now in places like Thailand, India, and the Philippines.

I see I have run out of time, Congressman. I will conclude my comments there, but I would like to add that questions that you may have regarding the responses that I see AID taking to this plateauing phenomenon I would be very glad to answer. Thank you very much.

[The prepared statement of Mr. Sinding follows:]

PREPARED STATEMENT OF STEVEN W. SINDING

U.S. population assistance is experiencing one of the most challenging periods in its twenty year history. Growing developing country acceptance of population programs and expanding needs for external assistance are coinciding with resource scarcities that result in serious shortfalls of U.S. and other major donor assistance. Fifteen years of AID program experience yield useful lessons that can improve the efficiency and the effectiveness of U.S. assistance in coming years.

In this testimony, I attempt to offer my sense of how U.S. involvement in population assistance has evolved, what lessons this experience offers, and the directions that seem most promising for future population assistance efforts.

Lessons

The lessons which emerge from AID's program experience over the past eighteen years reflect the various forces that have shaped U.S. involvement in population assistance during this period. Overall, a sobering paradox now confronts those concerned with maintaining an adequate U.S. response to population assistance needs. In the early period of assistance efforts, resources were comparatively abundant, program results were not yet measurable, and political misgivings about population programs were widespread. Now, at a time when there is growing political acceptance of population programs in the developing world, expanding demands for assistance, and increasing evidence that family planning programs do slow population growth rates, U.S. and other donor assistance levels have plateaued. Indeed, resources available from all sources for population programs have declined in real terms, suffering the fate of assistance programs generally. A summary review of these fifteen years illustrates the point.

- During the earlier part of this era, from late 1965 to 1974, the AID program was preoccupied with getting activities underway. The principal critics of population assistance at this time viewed foreign assistance in the field of family planning as evidence of "demographic imperalism." Quantum increases in budget resources for population assistance meant that AID emphasized the obligation of funds, taking the form of a search for qualified "intermediary" organizations that could channel large blocks of assistance to a variety of developing country institutions, a selective tolerance for forward funding of projects, and a trial and error sifting of traditional "population" activities to identify the most promising candidates for further assistance. During this period, direct assistance to government programs were the exception rather than the rule because, outside of Asia, most developing countries were either reluctant or unwilling to mount public population programs.

- The second part of this period, from 1974 to 1978, was a time of program consolidation. Direct support for government programs increased as a proportion of total AID population assistance as more countries adopted official family planning programs, especially after the World Population Conference at Bucharest. Meanwhile, the central program of the Office of Population became better and better established as we gradually identified the activities of greatest effectiveness and payoff in demographic data collection and analysis; social research on the determinants of fertility and the consequences of rapid population growth; research on contraceptive methods; operations research designed to improve family planning programs; direct family planning program support, especially to non-governmental organizations; and information/education/communications, and training. These were the years during which there was comparative equilibrium in the relationship between the supply and the demand for international donor assistance, including AID assistance. These were also the years during which the first encouraging news about import fertility declines surfaced and measurement of family planning program effectiveness became possible.

- The final segment of this period, 1979 to the present, has been a time of increasingly urgent questions regarding resources and future funding. A new generation of critics expressed misgivings similar to those encountered two decades earlier: i.e., is population assistance really necessary to achieve development goals? Is it a legitimate area of government concern? And is it effective? During the last half-decade, population growth rates in the developing world (excluding China) have plateaued or risen slightly. Are fresh efforts needed to speed fertility decline in the face of continuing reductions in death rates? (Table 2 summarizes current evidence on recent trends in population growth rates.) Finally, AID's and other donors' overall budgets plateaued in current dollars. The world recession precluded developing countries from assuming larger shares of funding responsibility. At the same time, a growing number of developing countries, particularly in the neediest regions, were proposing to undertake program initiatives premised on substantial donor inputs over the decade of the 1980s.

What lessons can one draw from this decade and a half of program experience? Others, less involved in the experience itself, may draw quite different conclusions but, for me, at least six useful findings deserve attention in the design of future U.S. assistance programs.

1. Family planning programs address real needs in developing countries and they can work effectively. The critics in the 1960's and many current critics of population assistance are mistaken in their belief that family planning is of little interest to couples in the developing world. An increasing number of developing countries and large numbers of couples in these countries clearly want family planning services and associate improved welfare with its availability. (Table 3 summaries World Fertility Survey findings that substantiate this point.) More and more developing countries recognize that population programs facilitate other development objectives. (Tables 4a and 4b summarize recent findings of UN population policy surveys.) The evidence of fiteen years is that family planning programs normally work, if not equally well in all places.

2. Successful population programs usually occur where there is a combination of favorable socio-economic setting, strong program management, and sustained political support. Family planning programs, much like other development initiatives, flourish best where socio-economic conditions are

most favorable. Even where such conditions are not especially favorable for sustained fertility decline, significant progress can be made if political support is strong and effective administrative systems are in place. Favorable socio-economic conditions have permitted significant program successes in Korea and Colombia, for example, while determined political leadership and a strong delivery system have brought great progress to the Indonesian program. The trick is to be able to identify whether or not the requisite factors exist before designing a program and committing resources.

3. Private sector activity is critical for initiating programs and for stimulating innovation. In other development sectors, governments have been willing to initiate risky undertakings and are better able to tailor services to the needs of users. In the field of family planning, however, private sector institutions have played the critical role of demonstrating to governments the extensive need for services and the potential acceptability of public family planning programs. Moreover, private institutions in this field are better equipped to test innovative service delivery systems that respond to the special needs of couples and women. The private sector has been especially central to program success in Latin America, but it has broken new grown worldwide. It remains the important complement to public programs even after the latter have become established.

4. Resident field staffs can significantly increase the effectiveness of population assistance. The development of successful population programs requires a wide range of technical skills to complement the resources transfers provided by assistance agreements. Resident field staffs whose members are trained population professionals often ensure that the technical needs of growing programs are addressed quickly and flexibly so that physical resource transfers are more effective in promoting fertility decline. We believe that AID's assistance style, which works largely through permanent field Missions, has been especially instructive here.

5. Program growth eventually plateaus. There is not escape from the universal law of diminishing returns. Programs are generally designed for the delivery of services to a general population. As any program succeeds in meeting the initial demand for services among the already motivated population, the efficiency of further program expansion of the same kind declines. Plateaus in program performance may also reflect inadequacies in program implementation. In any case, the discovery of a performance plateau is a signal that more intensive and more differentiated program approaches are probably required.

6. Plateaus in assistance can contribute to declining program performance. U.S. population assistance which has, until 1984, represented about one-half of all external resources available to population programs, has declined

measurably in constant dollars and has plateaued in current dollars. In 1984, population assistance has increased significantly in constant and current dollars. (Table 5 shows these recent trends.) Similarly, many other developed countries providing population assistance have reduced their support for programs in developing countries. Table 6 shows recent trends in support of UNFPA, the principal form of population assistance supported by other major national donors.)

U.S. budget austerity results in an inability to expand the capacity of intermediaries to support activities in developing countries, and limited capacity to expand bilateral population assistance. Considering that the U.S. has accounted for over 50 percent of population program assistance to developing countries since the late 1960's, it appears only right that other donor countries and multilateral development agencies assume a greater proportion of the funding burden.

Future Directions

Taking the lessons of the last decade and a half into account, what are the most promising directions for population assistance in the future. In broad brush form, AID has already addressed the question of its future directions in our Policy and Strategy papers on population assistance developed during the past year. The Strategy paper in particular lays out a framework within which AID programs are expected to be developed. The AID strategy framework recognizes the varied social, economic, and political forces that affect fertility behavior and the diverse stages of country program development which also contribute to varying assistance needs. The AID strategy then identifies the general forms of assistance that AID can best provide to meet these diverse needs. This paper provides specific points of emphasis which we feel are essential for the successful implementation of AID's strategy in future years.

1. Facing performance plateaus. Programs, no matter how well designed, eventually face declining returns to scale. Modifications of existing programs and innovative new programs are essential if plateaus in program performance are to be conquered. A continuing effort is needed to ensure that programs deliver the appropriate range of services to the clientele they are designed to reach, that new or modified programs extend these services to couples who do not yet have adequate or any access to program services, and that program management updates and redirects its skills to manage on-going programs more effectively and to meet as yet unmet needs. Early warning systems for the identification of program plateaus are needed to speed the process of adaptation and reduce the loss of momentum in national program development

that is caused by delayed attention to performance plateaus. AID will give increased emphasis in its operations research program to identifying promising approaches to overcome plateaus in program performance and contraceptive prevalence. Such approaches will certainly include exploring ways of making health programs more effective ways of delivering family planning services. They will also include the exploration of ways to increase the motivation of couples to space and limit births.

2. Allocation Priorities. Given that we cannot anticipate significant funding increases over the next several years, available AID resources must be allocated more efficiently. Sharpened priorities for resource allocation are needed in two respects.

a. Country priorities: When resources were more abundant, AID could afford to undertake assistance to cuntries whose demographic importance was marginal or whose program performance was seriously inadequate. Budget austerity requires AID to identify activities and countrries where assistance must be phased out in order to focus available AID resources on those countries whcih most need and can most effectively use them. Several countries in Latin America and a few in Asia are reaching the point where AID assistance can gradually diminish and be reallocated towards places in Africa where interest in population programs is growing.

b. Functional priorities: We must be more sophisticated in relating functional activities to country needs. Also we must become more discriminating about our various research and other support activities.

3. Measures of Success. Having credible evidence of the success of assistance efforts is an essential condition for winning continued support. The World Fertility Survey and the Contraceptive Prevalence Studies projects have become models of credible measures of program performance in the population field. We plan a new general of systems to improve data and analysis of program performance, building on these earlier activities.

4. Management and Training Emphases. Programs founder more often than they should because they are poorly managed. Management and specialized training are essential investments for the long-term success of programs. AID will be giving increasing attention to research and training in this vital arena.

5. Coordination with Other Donors. Donor coordination in population has always been uneven, sometimes better, sometimes worse. In the case of some countries, donor consortia have met regularly to coordinate assistance efforts. With the leveling of population assistance resources, improved donor coordination is becoming ever more essential. A fresh look at ways of improving donor coordination is a high priority for AID.

Conclusion

A short twenty years ago, population assistance was not a topic that attracted professional review. Several private organizations and a few national donors were providing modest support for population activities in the developing world. The principal sources of development assistance, AID and the World Bank, had not yet added population assistance to their programs. No more than a handful of developing countries had initiated national programs of any significance at this time. The first intergovernmental conference on population would not occur for another ten years.

During the following two decades, population programs grew rapidly and have become, for most governments and donors, an integral part of the development process. Now the rule, rather than the exception, is that developing countries initiate their own population programs as a part of their overall development efforts. International population assistance has expanded rapidly to address the needs of these country programs. AID's program in the early 1970s quickly became the single largest source of population assistance. By the end of fiscal 1983, AID will have transferred more than $2 billion in technical assistance and commodities to developing countries. The United Nations Fund for Population Activities (UNFPA) came into existence in the late 1960s as a multilateral assistance channel. The Fund has now provided well over $1 billion in assistance to 130 countries. Table 1 summarizes AID and UNFPA funding growth over the past 15 years. The maturity of the population movement is highlighted by the fact that, within the next twelve months, a second intergovernmental conference on population issues will convene to update a decade-old world plan of action, drawing on a new impressive body of population program experience around the world.

In short, these have been decades of significant change in the way in which the world looks at population programs and population assistance. We now find ourselves at a decisive point in history. It has taken some two decades or more to establish a basic (but not yet universal) consensus that excessive population growth threatens the essential work of development. Efforts are underway in most developing countries to slow and check this growth but the outcome of this contest is anything but certain. How successful this effort will be in the coming decades and whether the current consensus deepens and matures or dissipates remains to be seen. The outcome depends, in large measure, on how carefully we and other nations now sift our collective experience so that future efforts can take full advantage of the lessons that the recent past offers.

Most developing world countries at the present time are convinced that population programs contribute to more rapid development. AID's earlier assistance initiatives have helped many countries to make informed decisions about the impacts of population growth, to identify the program actions that will address the needs of their people and, in many cases, to undertake national programs of family planning services. Requests for assistance are consequently on the increase both to initiate programs in needier regions (such as Africa) where population efforts are beginning and to support the external resource needs of more mature programs in many of the more populous countries (particularly in Asia).

AID's experience in promoting effective programs and increasing country commitments to reduce population growth together create a long-desired opportunity to address the problems of world population growth decisively. At the same time, U.S. and other major donor budget scarcities are resulting in a reduced flow of resources for critically needed population assistance. Experience has generated valuable lessons which, if applied, could ensure more effective and efficient future efforts to curb population growth.

Table 1
AID and UNFPA Assistance, 1967-1983
(in millions of dollars)

	1967-71	1972-78	1979	1980	1981	1982	1983	TOTAL
1. A. I. D.	261.1	883.3	184.9	185.0	189.9	207.1	214.9	2,126.2
2. UNFPA	47.5	440.6	112.3	124.7	121.0	128.2	129.0e	1,103.3
2.a. UNFPA less US contrib.	26.5	287.2	82.3	92.7	89.0	94.4	95.2e	767.3

Notes: Line 2 measures total population assistance that UNFPA has administered.

Line 2a excludes double-counting of A.I.D.-originated assistance, thus highlighting the resources provided by other national donors.

"e" (estimated) indicates that some UNFPA donors had not completed their 1983 pledging process as of 11/4/83.

Sources: Population Reports, Series J, No. 26 (Jan-Feb 1983), "Sources of Population and Family Planning Assistance".
Status of Government Pledges and Payments. (Periodic UNFPA report).

Table 2
Average Annual Growth Rates, by Region, 1974-75 and 1980-1985

Region	1974-75	1980-81	1982-83	1984-85
World	1.8	1.8	1.8	1.7
More developed	.8	.7	.6	.6
Less developed	2.2	2.1	2.1	2.1
" " (excl.China)	2.3	2.4	2.4	2.4
Africa	2.7	2.9	3.0	3.0
Asia				
More developed	1.3	.7	.6	.5
Less developed	2.0	2.0	1.9	1.9
" " (excl.China)	2.2	2.3	2.3	2.3
Latin America	2.4	2.3	2.3	2.3

Source: U.S. Bureau of the Census, World Population 1983 (forthcoming).

Table 3
Selected Findings of World Fertility Survey: Desire for "No More Children"

Country/Region	Percent of Women Who Want No More Children
Africa:	
Kenya	17
Sudan (North)	17
Regional average	16
Asia and Pacific:	
Indonesia	39
Korea, Republic of	72
Nepal	30
Pakistan	43
Philippines	54
Thailand	61
Regional average	52
Latin America and Caribbean:	
Colombia	62
Haiti	46
Mexico	57
Peru	61
Regional average	53
Middle East:	
Jordan	42
Syria	37
Turkey	57
Regional average	45
All regions, average	48

Source: Population Bulletin, Vol. 37, No. 1 (March 1982). Selected from: Table 15: Preferred Family Size and Percent of Women Wanting No More Children.

Table 4a
Population Policies[1] of Developing Countries, 1981,[2]
by Status of Availability of Family Planning Services

Policies re: access to modern methods of family planning	no. of countries	percent
Direct support provided	67	60.9
Indirect support provided	13	11.8
No support provided	21	19.1
Access limited	9	8.2

Notes: 1 De facto policies are described in this table - i.e. the effects of public policy on access to family planning services.

2 Since 1981, additional countries have moved into the categories of direct or indirect support for family planning.

Source: World Population Trends and Policies. 1981 Monitoring Report. Volume II. United Nations, New York, 1982.

Table 4b
Population Policies of Developing Countries, 1981,
by Major Geographic Region

Policies re: access to modern methods of family planning	region							
	Africa		Asia		LAC		Middle East	
	#	%	#	%	#	%	#	%
Direct or indirect support	29	67.4	19	86.4	20	80.0	12	60.0
No support	10	23.3	1	4.5	4	16.0	6	30.0
Limited access	4	9.3	2	9.1	1	4.0	2	10.0

Source: See Table 4a above.

Table 5
A.I.D. Population Assistance, 1978-1983,
in millions of current dollars and constant 1978 dollars

	1978	1979	1980	1981	1982	1983	1984
Current $	160.5	184.9	185.0	189.9	207.1	214.9	240.0
1978 $	160.5	166.3	146.5	136.2	140.1	140.3	--

Note: A similar adjustment of UNFPA assistance to a constant dollar value would not make much sense. Contributions to UNFPA begin as local currency appropriations by donor governments. UNFPA dollar resources reflect dollar exchange rates at the time when pledges are paid in. UNFPA in turn exchanges a large portion of these dollars for LDC currencies in providing assistance. No single price index could therefore be used to provide a constant dollar value of UNFPA resources.

Source: Population Reports, op. cit.; International Financial Statistics, Vol. xxxvi, No. 10 (Oct 1983), pp. 110-111, line 64 (Consumer Price Index).

Table 6
Major[1] UNFPA Donors:
Changes in Contribution Levels, 1980-1983

	Contributions $(000,000)		% of All Contributns		Change 1980-1983	
	1980	1983	1980	1983	$	%
Donors Increasing Contributions[2]	23.8	40.5	19	32	+16.7	+70.2
Donors Decreasing Contributions[3]	66.2	51.9	53	40	-14.3	-21.6
U.S. Contribution	32.0	33.8	26	26	+1.8	+5.5

Notes: 1 "Major" indicates national donors with annual contributions to UNFPA in 1983 of $1 million or more.

2 Includes: Australia, Canada, Finland, Italy, and Japan.

3 Includes: Denmark, Germany, the Netherlands, Norway, Sweden, Switzerland, and the United Kingdom. During this period, rising dollar exchange rates reduced, in a number of cases, the dollar value of increased local currency pledges to UNFPA. The decreases shown, therefore, do not in all cases represent donor intentions to allocate reduced resources for support of UNFPA.

Source: Status of Government Pledges and Payments. (Periodic UNFPA report).

Representative HAWKINS [presiding]. Thank you, Mr. Sinding.

I think it is very obvious that the chair has been somewhat changed. Congressman Scheuer was called to another meeting. A bill was pending in which he is involved. I will try to keep to his schedule. I think we have a little less than 30 minutes for questions of the witnesses.

First, with respect to Ms. Camp, I do not know whether it was mentioned at all, but what is the relationship of infant mortality to the problem? Is this included in that broad category? Has the infant mortality problem in any way impacted on the tables that you included?

Ms. CAMP. I do not have a table on infant mortality and its relationship to fertility, but I would be happy to comment on that.

There is a two-way relationship. First of all, poor child spacing and ill-timed pregnancies—too many pregnancies—are a major contributor to high rates of infant and child mortality. So family planning is one of those essential element of a program to reduce infant and child mortality.

The other side of the relationship is that programs which improve child survival rates are very likely to change traditional fertility attitudes, in that families are less likely to have additional children in the hopes that at least two or three will survive.

It is also thought that by linking programs to deal with high infant mortality and programs to deal with high fertility, that attitudes of family planning acceptors toward those programs are better, particularly in Africa.

I might just say on the other side of the question that there is some research which suggests that high rates of infant mortality are not simply a biological result of high fertility but may in fact be a behavioral reaction to high fertility. Differential rates of mortality among male and female children in some parts of the world would suggest that parents who have more children than they want may not provide adequate nutrition and health care to unwanted children, and particularly to unwanted female children.

So it is very important that both sides of that coin be recognized, that family planning is an important contribution to improvements in infant and child survival, and that those improvements make an important long-term contribution to the attitudes which families will have about the number of children that they are going to produce.

Representative HAWKINS. Thank you, Ms. Camp.

There was also, I think, reference made to the changing notion over the past decade. Not very long ago we heard that development was the best contraceptive. Now it seems there is implied in the testimony this morning that that is not necessarily true any longer.

May we ask each of the three witnesses to briefly respond to the question: Are there any other notions currently prevalent that we might expect to change over the next 10 years? Starting perhaps with Mr. Sinding; I think you made some reference to this idea. And then the other two witnesses may also respond to the same question.

Mr. SINDING. May I ask for a clarification, Congressman?

Representative HAWKINS. Yes.

Mr. SINDING. You are asking whether we might expect to see a change again in the next 10 years on the question of the role of family planning versus development in bringing about change?

Representative **Hawkins**. Yes; or any other variable. I think it was understood that development is perhaps in direct relationship to the changes being made.

The three characteristics that you mentioned, for example, of a successful program—how do you rate them in terms of what may be expected between now and the year 2000?

Mr. **Sinding**. Thank you.

I think if there is one lesson we have learned better than any other in the period since the early 1970's, it is that the simple aphorism "development is the best contraceptive" was in fact a vast oversimplification of reality.

I think we have learned something that we did not know and could not know in the late 1960's and early 1970's, and that is what the impact on fertility of effectively delivered and sufficiently supported family planning programs would be.

The evidence that has accumulated, largely as a result of large-scale social survey programs undertaken by AID as well as UNFPA is that these programs had a direct and important effect on the fertility decline that has been observed in the period since 1974, let us say, the last decade.

So I think the argument between those who argue for development and those who argue for family planning programs is dead. I think that argument is over.

I think the questions that remain are: In what conditions do family planning programs work most effectively, and what can we expect to see between now and the year 2000 in this regard?

Let me speak just very, very broadly to that question.

I think that the fertility decline that is now well underway in Southeast Asia and Latin America will continue to respond to increasingly more effective family planning programs, both publicly and privately provided.

I think that the outlook for the belt of countries that runs from Bangladesh, through South and West Asia, North Africa, and Sub-Saharan Africa is much more pessimistic. There are the social settings. I apologize for the simplification that that term implies. The social and cultural and economic circumstances of that broad band of countries are going to make the provision of family planning services by itself less effective in bringing about the kind of rapid and sustained fertility decline we have seen in Southeast Asia and parts of Latin America.

I think we have to be prepared for a long-term period of program support and a commitment to improving those social and economic conditions that cause people to change desired family size.

Representative **Hawkins**. Thank you.

Mr. Demeny, would you care to make a brief comment on the same question?

Mr. **Demeny**. Yes; I would make two points.

One, the salience of the population issue as a development and economic issue may increase greatly.

As you know, the 1960's and even the 1970's were, by any historical standard, a period of rapid economic expansion in the developing world. Economic growth rates of 5 percent plus were quite commonplace; not universal, but commonplace.

Now, population growth has a quasi-biological upper limit. Demographic growth at 2.5, 3, or 3.5 percent per year is a hindrance in development, but only a hindrance if your economic growth is 6 or 7 percent. It is something that you can live with.

Now, if the 1980's and 1990's would bring much less impressive economic growth performance in the developing world, something that is a distinct possibility, the relatively modest rate of demographic expansion, those 2.5 percent rates, would suddenly loom much larger in comparison to economic growth and its effect on slowing income per capita growth would become much more painful.

My second point concerns possible policy approaches aimed at slowing demographic growth. My two fellow panel members referred at some length to development as a promoter of declining population growth, and to family planning programs that provide the means to reduce population growth.

There is perhaps a third approach that is suggested by the situation that we can observe since the early 1970's in China. Governments in developing countries can decide, as it were, that population growth is not in the collective interest and that, as a matter of collective action, they can do something about the problem over and above reliance on the fertility moderative effects of economic development and of voluntary family planning programs.

In China the approach adopted involves a heavy-handed intervention by the part of the authorities in the decisionmaking of couples about fertility. They seek to impose new social norms such as the one-child family, and demand conformity to them.

Clearly, acceptance of the one-child family norm in a peasant society cannot be fully explained by the government's vigorously lowering the infant mortality rate, or providing greater access to the means of family planning; it has to be explained in part by the application of political and administrative pressures.

It is possible that in the 1980's and 1990's, other countries will experiment with or be tempted by similar solutions, and will shape their population policies accordingly.

If so, this will raise difficult issues for informational aid agencies and for developed countries involved in aid. What position should they take if the countries they assist chose to take that particular route, a route that, of course, is fraught with difficulties from the point of view of human rights?

Representative HAWKINS. Time has really elapsed, so, Ms. Camp, maybe you can respond to some of the other questions. I noticed by some of your facial expressions and shaking of your head you were not disagreeing with what Mr. Demeny has said.

The chair would like to announce that the committee has been honored by the addition of a distinguished colleague, Congressman Kostmayer. We are glad to have you with us.

Representative KOSTMAYER. Thank you.

Representative HAWKINS. We will hear from Congressman Levin at this point.

Representative LEVIN. Thank you very much. It is excellent testimony, and I hope ways will be found to disseminate it beyond Congress.

Let me ask you all a question about resources in your judgment as to what might be needed in the future.

Before I do that, let me ask Mr. Demeny a question because it relates to a continuing argument. In your prepared statement, when you are discussing the implications of your striking chart on the age group of 20 to 40, you say:

> In the developing countries, these trends will retard the tempo (in relative terms) at which productive skills are accumulated, already existing advanced technologies are introduced, and labor-saving and labor productivity increasing innovations are developed and adopted. The process of eliminating the structural backwardness in these economies will be slower than could be the case with less rapid rates of expansion of the labor force.

As you know, there are some, who I think are very misguided, who argue the opposite.

What further illumination can you give us, and especially those who have reached an opposite conclusion, that you are right, that these numbers mean a slowdown in the structural improvement of the economies?

Mr. Demeny. I do not think there are any economists who would dispute the paragraph that you have quoted as an average proposition. The average level of performance may not characterize some sectors of the economy. In a large and demographically rapidly growing backward economy there is always the possibility to form a modern nucleus that has modern equipment, modern technology, and high productivity. But that will not be the characteristic of the surrounding backward economy awaiting but not receiving entry into this modern nucleus. If you calculate the average performance of such an economy, it transpires that the propositions concerning the relative slowness of the structural transformation and lagging productivity are almost automatic consequences of rapid demographic expansion.

In the paragraph that follows the paragraph that you quoted I made the point that developing countries can derive an advantage from the availability of their large unutilized labor pool. Their modern sector can expand for a sustained period drawing on labor that for practical purposes is in infinite supply, hence available at relatively low wages.

I refer to the classic formulation of this developmental phase by Arthur Lewis in his well-known model. Utilization of the opportunity to draw on low-wage labor, if combined with political stability and if combined with governments' ability to train that labor force, does represent an economic asset. Many industries in developed countries discovered this; they found that they can be underbid and undersold in the international markets by new industries of the developing world.

But those new industries are small islands in a sea of backwardness. And if you look at the country as a whole, the picture is different. A country like India may be capable of producing rockets and jet planes and all kinds of advanced machinery. But India as a whole is an economically very backward country because it has a tremendous backward hinterland which modern technologies have yet to penetrate, and because its rapid demographic expansion assures that even a very good performance in the modern sector will take a very, very long time before that sector will be the dominant feature of the economy as a whole.

Representative Levin. Thank you.

Ms. Camp, what roughly do you think is the resource gap?

Ms. CAMP. I think we need to look at that at two levels. The first is: What could we spend today, if we had it, effectively? And the second is: What would a realistic global budget look like over the next decade or so?

On the first level, I think that we in the population community, including the experts who work in various population organizations, have identified about a $250 million gap in funds available to meet current opportunities. In other words, if you add up the shelf projects for the U.N. Fund for Population Activities, the shelf projects in the Office of Population in AID, and various private sector organizations, and in the additional bilateral assistance demanded by developing country governments, I think it is quite clear that we could spend at least double or close to double the amount that we are now spending.

That level, however, is less by a factor of at least three than what we need to spend as a part of a global budget. My estimate and the estimates of other experts working in the field is that over the next 5 years or so, donor assistance to population efforts should at least double from the current level of about $450 million, and that the developing country expenditures need to triple or quadruple in some reasonable period of time.

Our guess is that a global budget for family planning activities to reach a target population of, say, 300 million couples, which would represent a prevalence level of about 70 percent, exclusive of China—a reasonable target to shoot for would require as a minimum a global budget of about $5 billion a year.

We are not anywhere close to that. We have a global budget of about $1.1 or $1.2 billion a year, exclusive of China.

Representative LEVIN. Thank you.

Mr. Sinding, do you have any comments on that?

Mr. SINDING. I would echo the general sentiment that the absorptive capacity within the developing world for population resources is increasing rapidly.

I would also like to make the point that within an administration which is seeking to maintain lean budgets in foreign assistance as in many other areas, we feel very fortunate that the population account has been as well protected as it is.

That is not to say that if more funds were available they could not be used, but in the overall budget picture we do feel that the population program has fared well.

Representative KOSTMAYER. I want to just congratulate you on that very diplomatic answer. [Laughter.]

I was listening but I did not hear a thing.

Representative LEVIN [presiding]. Why do you not continue?

Representative KOSTMAYER. I want to ask Ms. Camp what the U.S. share of that global budget ought to be.

Ms. CAMP. Our current share is about 40 percent of all donor assistance. If we look at what the United States is contributing in other areas of development assistance, that share should probably decline over the years to about 25 to 30 percent. But it should decline gradually. And in the meantime, we need to make some incremental improvements in our own contribution in order to provide leadership to other donors and to developing countries.

I might just call the committee's attention to the very last table or graph that I have included in my prepared statement. It is labeled exhibit 14.

In actual dollars, U.S. contributions to global population activities have grown quite substantially since 1972, which was the first year that population assistance became a budget item in the AID appropriation. But in real dollar terms, that is, the dollars discounted for inflation, you will see that our 1982 level of contribution was worth less in purchasing power than the $121 million that we provided in 1972.

So we are not really maintaining in real dollar terms a level of adequate assistance.

Representative **Kostmayer**. These are as a result of administrative requests, not committee-authorized levels?

Ms. **Camp**. They are a result of two things. In one case the failure of the administrations in both parties to ask Congress to appropriate enough money and, secondarily, the failure of Congress in some years to pass a foreign aid bill.

Representative **Kostmayer**. I want to ask you, Ms. Camp, about a bilateral assistance program with China. We do not have one now?

Ms. **Camp**. No, we do not.

Representative **Kostmayer**. Do they want one, do they accept one, or should we not have one?

Ms. **Camp**. My understanding—and there are other people who probably have more expertise on this, including Mr. Demeny who has had considerable contact with the Chinese—is that what they would like to have is a program of technical cooperation, where there would be scholarly exchange, where we would provide, in areas like contraceptive technology and demographic data collection analysis, the very vast expertise that we have. But I would assume the Chinese neither want nor probably need a major bilateral assistance program from the United States. They can, however, use considerable U.S. technological help.

Representative **Kostmayer**. Mr. Demeny, do you want to speak?

Mr. **Demeny**. Very briefly, I agree with what Ms. Camp said. Let me illustrate her point with reference to Chinese needs for advanced training related to population matters. It is a very small amount of money we are talking about, funds that if made available could have very beneficial effects. Yet there is a great shortage of them.

When I was in China last summer, the Chinese authorities stressed the problem of equipping their newly established demographic research institutes with a modicum of competent staff. They would very much like to send their brightest young people to foreign universities, primarily to U.S. universities, for training. But they do not have the needed resources.

Now, my organization is helping them in this matter, but much below the level that would be optimal. At least selective lessening of the constraints, which are not 100 percent in any event, on technical assistance to the Chinese would be, I think, consistent in the aims of the U.S. foreign assistance program in this field.

Representative **Kostmayer**. Thank you.

Mr. Sinding, I am not going to ask you the administration's view on bilateral programs with China.

Representative **Levin**. We must go on. We want to thank all of you for your testimony.

Let me just say, as you depart, one word regarding sub-Saharan Africa about the discouragement because population growth rates remain high in the less developed countries, and the problems of hunger are stark to say the least. There is reference to the social setting within sub-Saharan African countries that remain obstacles to attention to population growth rates, but I think we have learned that the social setting is always relevant, or almost always relevant, but it is not the whole social setting that has to be working in the direction of reduced population growth rates.

For example, in Indonesia, Mr. Sinding, where there is a reference by you to something like provision of family planning itself by itself working, I think we would all agree that there are aspects of social setting that have very much encouraged family planning, reduced family size, administrative capability, even if there has not been in each and every village an overall dramatic socioeconomic change or general economic change as a result of that.

There have been aspects of the setting that worked with family planning programs, including the village unit, an attitude toward the role of women, that is conducive to family planning programs. And we may find in sub-Saharan African countries that they find there are aspects of the social setting that work in favor of reduced family size as well as aspects that work against it.

So while I generally agree with the kind of "pessimistic," in quotes, projections for sub-Saharan countries, I think we may find some aspects that will work in favor of greater attention to population growth rates in those countries. I think we all hope so.

With that, let us go on. Thanks again. Jim Scheuer will be back soon. He wanted Pete Kostmayer and me to thank each of you for your salient testimony.

The next panel has two rather than three distinguished practitioners, and therefore, to keep within the time sequence and limits, we will shoot for two-thirds of the time on that panel and on the third panel.

Dr. Allan Rosenfield has joined us and also Mr. Jason Finkle. They are people who are well knowledgeable, to put it mildly, within the population and larger community concerns on these issues.

I guess we will go by the agenda here. I am not sure of the reason for the order. Maybe it is East to Midwest. Is that the reason for it?

In any event, Dr. Allan Rosenfield is listed as the first witness, director of the Center for Population and Family Health, Columbia University. Pete Kostmayer, myself, and others welcome you.

Why do you not follow the same procedure, if you would like to summarize, and Mr. Finkle will summarize, and then we will have at it for 15 or 20 minutes.

STATEMENT OF ALLAN ROSENFIELD, M.D., DIRECTOR, CENTER FOR POPULATION AND FAMILY HEALTH, COLUMBIA UNIVERSITY, NEW YORK, N.Y.

Dr. Rosenfield. Thank you very much. I very much appreciate the opportunity to testify before the subcommittee.

My involvement in this field is based on some 18 years working in the area, 7 of those years spent living and working first in Nigeria and then in Thailand, I will briefly summarize my prepared statement and will not read it this morning.

The problems related to rapid population growth have already been discussed by the first panel, and I will not review that once again. I will focus my discussion on the two key issues that I have been asked to discuss. One relates to contraceptive research and development, and the other to approaches to the delivery of services in developing countries.

Let me review briefly the history of contraception in this country and internationally.

I think you are all familiar with the fact that in 1960 we had what amounted to two major breakthroughs, the development for use clinically of oral contraceptives and the reintroduction of intrauterine devices. Despite much expense and attention, these are the two major breakthroughs of the past two decades.

It is estimated that some 60 million women worldwide are using oral contraceptives at the present moment, and approximately 200 million women have used the pill at one time or another. This makes the pill probably the most widely used systemic medication for a nonmedical purpose in the history of modern medicine.

We know a great deal about the pill, we have studied it carefully, and it continues to be perhaps the most important single method of contraception available worldwide.

It is also important to note the dramatic changes that have taken place in the acceptance and use of sterilization procedures by both men and women, and currently it is estimated that some 100 million couples have chosen either male or female sterilization, it thereby being the No. 1 method of contraceptive practice. That is true in this country as well as abroad.

Despite this and despite some major advances in the field, there are millions of women and couples not wanting more children who do not use or have access to modern contraception. Even in the United States it is estimated there are about 3 million unintended pregnancies taking place each year.

During the next two decades there are estimates that there are as many as 500 to 600 million potential, future users of contraception.

Although our current methods are good, none of them are perfect, none of them are ideal, and new approaches are urgently needed.

Having identified population growth as a significant worldwide problem, wishing to meet the needs of individuals throughout the world, it is hard to understand why even higher priority to research and development in this particular field has not taken place.

In terms of U.S. funding, peak funding was reached in 1973 and in terms of constant dollars we are now at levels lower than those of 1971.

In 1974, when we were spending at reasonably high levels, a prestigeous group of scientists organized by the Ford Foundation reviewed the overall field of contraceptive research running from basic to applied research, and felt there were dramatic and significant shortfalls in the amount of money available.

I think it is fair to say the U.S. Government has played a major role both through NICHD and USAID in providing a sizable portion of the public sector funding worldwide in this particular area. Despite this, all of the groups involved feel major limitations due to limited funding levels.

In addition, there is far too little investment currently by private industry, with levels now at about $14 million a year.

The reasons are many, I suspect, but perhaps the most important one is the extraordinary costs to carry a lead from basic research through final FDA approval, and as a result private industry has shied away. There is a need, I think, for some kind of partnership between the public and private sector to continue and expand their involvement.

There are a number of promising leads at the present time and a number of areas we need to move forward in. I would like to quote from a major study by Atkinson, et al. from the Ford Foundation and other groups:

> "There is a good chance that several new contraceptive methods could be made available if public sector funding were increased four times, if funds available were available on a secure long-term basis, if improved coordination and planning by donors and research programs took place, if more reasonable requirements existed for regulatory agencies, and if more effective harnessing of industry potential could take place.

Unfortunately, except for some medical coordination, the rest is not yet occurring.

Let me just turn, in the remaining few moments, to the delivery of services question.

I think in the general area of health care, both in the United States, Europe, and elsewhere, there has been a primary emphasis on urban, medical center, physician-oriented services. Such an approach causes many problems, even in our own country, but is almost impossible in most developing countries. In the United States we have approximately one physician for 700 to 800 people. In developing countries, there may be one physician to 10,000 or 20,000 people, and if one excludes many of the urban areas where most physicians live, one physician for 100,000 or more people. Dependency upon physicians in such situations results in the denial of basic health care services to those most in need.

Family planning programs have played a major role in changing some of the norms of health care delivery in developing countries and have helped in the delineation of appropriate roles for nursing, auxiliary, and lay personnel. Such personnel can indeed be trained safely to provide a range of services that have more traditionally been limited to the physician. As an obstetrician-gynecologist, I believe the benefits to be obtained by such approaches far outweigh any risks that might be attendant upon it.

The development of community-based or village-oriented programs in which literate and illiterate village inhabitants become workers in the program, either as volunteers or paid workers is an important innovation of family planning programs. The concepts developed in these programs are now being applied in a variety of areas in the primary health care field, and I think it has been a major advance forward.

I believe the role of the U.S. Agency for International Development in the population field has been an extremely positive one over the past years. Its emphasis on some of these program areas and service delivery has been a dramatic and important contribution to the field of population and family planning in the past decade and a half. This agency deserves continued and expanded support, and I support the concepts discussed by Ms. Camp.

I believe in summary that the United States has a very important role to play in the population field worldwide, in the provision of leadership in these efforts, financial support, and technical advisory services. Thank you.

[The prepared statement of Dr. Rosenfield follows:]

PREPARED STATEMENT OF ALLAN ROSENFIELD, M.D.

My name is Dr. Allan Rosenfield, Acting Chairman of the Department of Obstetrics and Gynecology, Director of the Center for Population and Family Health, and Professor of Obstetrics-Gynecology and Public Health at the College of Physicians & Surgeons, Columbia University. I very much appreciate the opportunity to testify before the Subcommittee.

For the past eighteen years, I've been intimately involved in, and concerned about, problems of population, health and nutrition in the developing world, and have spent seven of those eighteen years living and working first in Lagos, Nigeria and then in Bangkok, Thailand. An assignment as Chairman of a Panel on Population, Health and Nutrition for a National Academy of Science Committee preparing a report for the State Department in preparation for the 1979 UN Meeting on Science & Technology Development is of relevance to my testimony today.

In the developed nations of the West, mortality levels declined gradually over a period of 150 or more years, from relatively high to the relatively low levels of today. Following this decline, birthrates also declined, again at a relatively gradual rate. In developing countries, however, both birth and death rates remained high until the post-World War II era when there was a precipitous decline in death rates, without a concomitant decline in birth rates, resulting in very high rates of population growth.

Throughout the developing world severe problems currently are being faced as a result of rapid population growth. This growth, currently at the worldwide level of approximately 1.7%, is unprecedented in human history and is resulting in a doubling of the population in about 40 years. In some developing countries, the level is 3% or higher, resulting in a doubling time of only 23 years. Major population initiatives have been undertaken in a number of countries, particularly in the Asian and Latin American regions, predominately through the development of national family planning programs. These programs have made active use of existing contraceptive technology with oral contraceptives, intra-uterine devices and male and female sterilization procedures being the most widely used approaches. As programs have developed, two urgent needs have emerged, namely for new and improved contraceptive methods and for better ways to deliver family planning services.

Until 1960, other than sterilization, all methods of contraception were coital-related. The oral contraceptives were first developed and introduced for clinical use in 1960 and intrauterine devices developed sometime earlier were re-introduced at about the same time. These advances were truly significant, as evidenced by their popularity worldwide. It is estimated that there are almost 60 million women currently using oral contraceptives with as many as 200 million women having used it at one time or another. Sterilization is even more popular and it is estimated that there are almost 100 million couples protected by male or female sterilization throughout the world.

While these numbers are most impressive the fact remains that there are millions of women, particularly in the developing world, who do not want more children than they already have and who do not have access to or are making use of modern contraceptive methods. Even in the U.S. there are 3 million unintended pregnancies each year despite fairly widespread availability of current contraceptive methods. In many rural areas of the world fertility remains high with its extremely high risk to the health of both mother and child. Estimates have been made that as many as 500 to 600 million future users will be needing contraception over the next few decades.

Although our current contraceptive mix is good, new and improved methods are needed. One would like to think that a world which has identified population growth as a significant and urgent problem and a world which states an interest in meeting the needs of individuals would give high priority to the basic and applied research necessary to improve the contraceptive choices available to couples. However, funding in this area reached a peak in 1973, when total funding reached approximately $150 million, with the United States contributing over $110 million of this total (although this amounted to only 2% of the total NIH budget). Although the actual funding levels have increased to a level of over $150 million by 1980, in terms of constant dollars this was below the levels spent in 1971. Percentage wise 70% was spent on fundamental studies, 23% on contraceptive development and 7% on safety studies.

Despite significant efforts on the part of a number of different organizations, it is unfortunately a fact that not a single new contraceptive chemical entity has reached the market place since the introduction of the synthetic steroid Norgestrol in 1968. The United States, which has been a primary funder of research in this area, expends only a small portion of its overall research budget in the area of reproduction and only a very small percentage of reproductive research is devoted towards contraceptive development (approximately 15%). In 1974 a Ford Foundation funded study, chaired by Dr. Roy Greep, estimated that there was a significant short fall even then in the amount of money required for research and suggested that there be at least a three-fold increase in the funding committed to this area.

There are a number of organizations which have devoted attention to research in this area. The largest by far is the Center for Population Research at the National Institute of Child Health and Human Development, which provides the bulk of U.S. funding for basic and applied research in the area of contraceptive development. The other federal agency providing significant research support has been the U.S. Agency for International Development. The Ford, Rockefeller, and Mellon Foundations also have provided funds in this area. Internationally, the largest program is the special program of research, development and research training in human reproduction of the World Health Organization, which receives funds from the United Nations as well as a number of individual countries. Other groups with specific research agenda include the International Committee for Contraceptive Research of the Population Council, the International Fertility Research Program (now called Family Health International), the Program for Applied Research in Fertility Regulation (PARFR) and the Program for the Introduction and Adaptation of Contraceptive Technology (PIACT). Each of these agencies, involved in different aspects of contraceptive research, have significant short-falls in terms of funding needed to move more rapidly with the leads upon which each is currently working.

The Human Reproduction Program of WHO, for example, projects its research activities based on three levels of funding and, to-date, has never been able to carry out the activities at the highest level of projected funding needed.

Relatively few drug companies are actively involved in reproductive research and development, with current expenditures averaging about $14 million annually. One reason for this, particularly in the United States, is the extraordinary cost to take a very early lead from basic research through clinical trials to actual FDA approval for clinical use. Many companies shy away from this process because of the costs and time involved. Questions have been raised by Djarrasi and others as to whether the rigorous approach adopted in recent years by the US FDA has had a significant negative impact on the development of new products such as contraceptives. Certainly, the consumer oriented movement has, with some justification, moved for stricter guidelines in the development of drugs for human use. At the same time, it is also true that there will always be a small amount of risk with any new preparation and unless the public is prepared to accept some risk, there really will be no significant advances in our medical armarmentarium.

The bulk of funding in contraceptive development currently is being aimed at improved female methods, although increasing attention, unfortunately with even more inadequate funding, is now being placed on male research as well. Among the areas in which promising activities are going on are the following:

1. Development of new steroidal approaches. Within this area are a variety of leads including oral contraceptive modifications, a variety of injectables, subdermal implants (both removable silastic tubing and biodegradeable pellets), vaginal rings and intranasal sprays.

2. Vaccines against pregnancy, particularly against a fragment of the beta sub-unit of HCG.

3. A variety of improved intra-uterine devices including medicated, postpartum and others.

4. Menses inducing drugs with much attention being given in Europe to various prostaglandin analogs for use vaginally and to other luteolytic agents.

5. Newer and improved barrier methods of contraception.

6. For both the male and female, one of the more exciting areas of research relates to gonadotropin releasing factor analogs (GnRH) and their possible specific anti-fertility potential.

7. For both men and women new approaches to sterilization are being sought, including reversible approaches as well as non-surgical methods.

8. In the male, systemic agents are being explored such as steroids and gossypol.

Among the various approaches, GnRH is a very promising development although still many years from clinical use in either the male or the female. For the next period of time it is probably true that our present methods of contraception, including the injectable approach which is currently not available in the United States, will continue to be the main resource to those women or couples who wish to practice contraception. The development closest to clinical use is the silastic progestin implant, with large scale clinical trials currently underway in several countries.

There is urgent need for increased funding for basic and applied research in the field of human reproduction.

More money is needed; with increased funding significant potential does exist for a whole new generation of effective contraceptive agents. In the area of development Atkinson et al have stated, "There is a good chance that several new contraceptive methods could be made available _if_ public sector funding were increased four times, _if_ funds available were available on a secure long-term basis, _if_ improved coordination and planning by donors and research programs took place, _if_ more reasonable requirements existed for regulatory agencies and _if_ more effective harnessing of industry potential could take place". Unfortunately, except for some better coordination, the rest is not yet occurring.

In regard to the delivery of, and access to, family planning services, much progress has been made in recent years, but many problems remain. Although the majority of the people of most LDCs live in rural areas, the emphasis in health care has been on curative services in urban areas, with a medical center-oriented system based on specialized services utilizing costly, high technology. As Mahler, the Director General of WHO has stated, large "disease palaces" are constructed in the capital cities instead of the much more urgently needed simple health centers in the rural areas. As a result of a gross maldistribution of facilities and personnel, services do not reach, or are often inaccessible to, a large proportion (as high as 80-90 percent) of the population in need, particularly those who live in rural and urban slum areas. In the West, where there are approximately 750-1,000 people per physician, there is a primary (and inappropriate) reliance solely on the physician as a provider of care. This system has been the model for care in developing countries, which has had most unfortunate consequences. In many LDCs, as many as 50 to 60 percent of all physicians live and work in the capital city of the country, with most of the rest in the other large cities. Usually, however, the majority of the people live in the rural areas where there may be a ratio of one physician to 100,000 or more people.

Despite this gross maldistribution, the requirement that physicians provide most curative services actually has had the effect of denying care to the majority of the population. If medical treatment is available, including the use of modern antibiotics and other medications, services generally are delivered not through the official medical system, but rather by traditional and ill-trained practitioners. They often are the only sources of much needed services because the medical community has abrogated its responsibilities to the majority of the people.

LDC family planning programs have been in the forefront in changing many of the established practices. In a number of countries in the 1960's, a variety of health personnel other than physicians were trained to prescribe oral contraceptives and to insert intrauterine devices. There is not time this morning for a detailed medical discussion on the pros and cons of such an approach. Suffice it to say that as an obstetrician I am totally convinced that a wide range of personnel can be trained to safely and effectively provide a variety of services and procedures, particularly those that are repetitive in nature, with no increase in risk. Rather, there can be a significant and dramatic impact on health status and general well-being.

There are a variety of repetitive procedures in the field of medicine that traditionally and inappropriately have been reserved by our system to physicians. The director of an innovative rural project in Bangladesh demonstrated in the 1970's that, in the absence of trained professional personnel, village women (including some who were illiterate) can be trained to safely perform surgical sterilization procedures. In fact, in comparing the post-operative complication rates between these personnel and two physicians, the locally recruited workers has a slightly lower complication rate, probably attributable to their care and concern. This experience has been repeated elsewhere in such areas as the suturing of wounds, the insertion of IUDs and the treatment of simple diseases.

Family planning programs have recently taken the lead in moving one step further, involving the community itself in the delivery of services. The so-called community-based household delivery systems, actively supported by USAID, IPPF and other organizations, have demonstrated quite clearly that local village inhabitants can serve as extremely effective agents for the provision of services, with the clinic-based health care system serving as a back-up. This approach is similar to the widely quoted (and successful) "barefoot" doctor program in the People's Republic of China.

In the report of the Panel on Population, Health and Nutrition to the National Academy of Science mentioned earlier, one of the major conclusions was that while there are a number of scientific and technologic advances needed within these fields (such as the critical need for basic research aimed at the development of improved contraception), it is necessary to stress that dramatic improvements in the standards of living and the quality of life in the developing countries are possible simply through the more appropriate and widespread adaptation, transfer and application of what is already available.

The provisions of basic health and family planning services to the world's "poorest billion," is now widely recognized as a "basic need," and is becoming a priority for national governments and for many international agencies. Yet this basic need is not being met for hundreds of millions of people throughout the world because the system or infrastructure is so inadequate. Thus, improvements in the health care system and expansion of the coverage provided by the infrastructure deserves the highest possible priority. The proven technology for improving health and nutrition and for limiting excess population growth simply is not available to millions of those in need. This can and must be changed.

For the world's poor, the potential impact of making basic health care and family planning services reasonably accessible economically, geographically, and socially, is immense and would include improved nutrition, decreased morbidity, increased survival, especially of infants and children, smaller families, longer birth intervals, and increased productivity. These can all be summed up as basic improvements in the quality of life.

From policy point of view, I would like to make a few comments on the role of the U.S. Agency for International Development (USAID) in the field of population in recent years. There has been much debate as to the effect of family planning programs on fertility decline and more specifically as to the priorities established within the USAID Office of Population. From the vantage point of one who has lived and worked abroad and who has followed the field closely now for eighteen years, I would like to state that while there are certainly criticisms possible of a program that is as large as AID's has been over the past sixteen years, on balance their emphasis on assisting developing countries in making family planning services available as a critically needed first step in a population program has had, and is having, a dramatic impact on initiating or accelerating fertility declines in these countries. It is my firm belief that AID programs have, indeed, contributed significantly and while there may be need for review and discussion of various research and other priorities,their stress on service delivery has been an appropriate one and should be continued.

I believe that the successful implementation of family planning programs have contributed in an impressive way to the dramatic acceleration of fertility declines in a number of countries, particularly in the Asian region, such as Taiwan, South Korea, Indonesia dn Thailand. The dramatic acceptance of family planning services, for example, in East Java and Bali in Indonesia and in several Thai provinces is unprecedented and could not have taken place so rapidly without the sizeable U.S. and other donor agency support.

These efforts deserve continued and expanded support. As mentioned earlier, there now is experience at the village level of the integration of family planning services with the provision of simple health-related measures which significantly increase the benefits in terms of overall well-being for the world's poor. A willingness to utilize new approaches, particularly those in which nursing, auxiliary and lay personnel are effectively used, is of critical importance. I believe the U.S. has a most important role to play, both in the provision of leadership in these efforts, financial support and technical advisory services.

Thank you very much.

Representative LEVIN. Thank you very, very much.

Next is Mr. Jason Finkle, director of the center for population planning, University of Michigan, Ann Arbor.

As you know, all of your prepared statements will be entered into the record in full. And I hope—I mentioned this earlier—that ways would be found to distribute your statements more broadly. We may be considering a foreign aid bill in the House—I said may be, but it really might happen. It has not happened very often in the last 7 or 8 years. And a lot of the Members today are just coming back. Some may be here for noon. We may or may not have a rollcall. But if we have a foreign aid bill on the floor, I think your statement will have even more germaneness to the issues. It may well be debated on the floor of the House.

With that, Mr. Finkle, your prepared statement will be entered fully into the record, and proceed as you wish.

STATEMENT OF JASON L. FINKLE, DIRECTOR, CENTER FOR POPULATION PLANNING, UNIVERSITY OF MICHIGAN, ANN ARBOR

Mr. FINKLE. I am honored by your invitation, especially as it provides me with an opportunity to share my thoughts and concerns with this significant congressional subcommittee.

I was pleased to hear you say that there might be a foreign aid bill coming to the floor. Since it has become fashionable to index things, perhaps we could index the foreign aid bill to the overruns in our local nuclear plants in Michigan, Washington State, and elsewhere. Because when I realized that these enormous miscalculations, as much as 40 or 50 percent of the American contributions for international population assistance, I could only think how that amount of population money pales in comparison with the mistakes we make in calculating the cost of a local plant in Midland, Mich., your home State, Congressman Levin.

But let me get back to the subject for which I was asked to appear today. I was asked because I had done, with Barbara Crane, roughly 10 years of research on the role of the World Bank in population assistance.

Representative LEVIN. Excuse me for 1 minute. Go ahead.

Mr. FINKLE. In coming here today to discuss the Bank, I thought it would be appropriate to take a few minutes to put the role of the Bank in the population assistance field into a broader context, because I see the Bank as one component in a very complex system which I call the international population system.

This system, if we may call it that, consists of four constituent elements. The first is the donor countries led by the United States, Western Europe, and joined by Japan. This is where most of the international population assistance funds come from.

The second element in this system is the United Nations system, whose population activities are led by the United Nations Fund for Population Activities, and comprised of the specialized agencies of the United Nations—UNESCO, WHO, ILO, FAO, and also the World Bank.

I see as the third constitutent element the private agencies, and I have always felt that the flagships of this private agency system were the Ford Foundation, the Population Council, and IPPF.

Finally, the developing nations themselves represent the fourth pillar of this system.

I have a great deal of concern about the health and well-being of this international system today. I see that each of the four pillars of the system is in trouble. The trouble may be more or less serious in some of the organizations, but overall it is the system itself that is in trouble. It is not because of lack of goodwill, and it is not because of lack of ability. I have met some of the most extraordinarily able people I have ever encountered in this system.

The first problem, I think, is the inadequate funds available, the inadequate funds that are being poured into the system.

I do not think funds alone constitute the whole answer to the population problem, but I cannot imagine a solution that can be achieved without an input of funds of much greater magnitude than is presently available.

As several of the preceding speakers pointed out, the amount of contributions that international donors have made has begun to level off or plateau in terms of real dollars.

The second component element of this system to which I referred is the United Nations. The United Nations has developed an extraordinary scheme to infuse the Third World with population funds through U.N. specialized agencies and through direct contributions.

Unfortunately, while UNFPA has shown a great deal of dynamism, my own assessment of the specialized agencies is they have not developed a commitment to do a great deal in the population field, and the best evidence of this is that there is hardly a cent of money spent by any of these agencies that comes from their own budgetary resources. In most cases, the only money they are prepared to spend in population is money that they get from UNFPA, which in turn received it from the donor countries.

The third group that I mentioned was the private philanthropical foundations and agencies: I said I regarded the Population Council, IPPF, and until recently, the Ford Foundation, as the three flagships of this system.

In one of the most unfortunate decisions I have seen by an organization with the intellectual capacity of the Ford Foundation, the trustees of the Ford Foundation, inspired by their new preseident, decided to get out of the population field on the ground that population was now on everybody's agenda. I would have assumed that when it got on everybody's agenda, there would probably be more need for the bright, incisive, and intelligent use of resources that Ford had and could provide, but instead they have withdrawn from the population field, and I regard that as having had a very negative effect on the rest of the system.

IPPF is in trouble financially. While on the one hand I heard Ms. Camp say—it is an optimistic view—that they are probably equaling the contribution of the donor countries, I am very aware the contributions of the donor countries are plateauing. The Third World countries are faced with extraordinarily painful choices where they are close to bankruptcy in some cases; they have enormous debt burdens; they are faced with feeding their own people; and the developed world is not as receptive as they had hoped it would be to the importation of products from the Third World.

Therefore, I see that there are likely to be increasing pressures in Third World countries to invest their own resources in activities where the payoff is more visible and immediate than in the population field.

We could sit here and say that the one potential bright spot in the whole system is the World Bank which does not have to depend on donors for money. It has a great deal of money, and it has a great many uses for its money, and it has enormous political influence, status, and standing in the world. It has a staff that is unusually competent, and it had a president, Robert McNamara who was verbally the most committed person to population that one could encounter. However, despite McNamara's sentiments, the Bank has not been able to make its presence felt in the field. The Bank always had capable people in the population field. I think Mr. Kanagaratnam was never as fully appreciated as he should have been as a population leader in the World Bank. I am less confident of the commitment to population of the subsequent leadership of the population department.

But the Bank has serious problems. I have outlined them in the prepared statement I have submitted, and I have further submitted an article on the Bank that Barbara Crane and I wrote. I think that what is said in the article in 1981 still obtains in the Bank.

The one thing I would like to add is that the Bank did try to address its problems, and in doing so may have created a bigger problem than it had before.

Instead of having a Population Department, it created a Department of Population, Health, and Nutrition. And what has occurred, in my judgment—and it is very difficult to find out exactly how the dollars are being allocated—nevertheless, in my judgment, the time of the staff of the Bank is being spent on health rather than population; the money of the Bank is being spent on health rather than population; and the projects that are being undertaken are more numerous and prominent in the health field.

I think, however, there are signs that this is a source of great distress to the top leadership in the Bank. I do not know Mr. Clausen's position. He has not chosen publicly to speak out very strongly on population; however, this may just be a function of his personal style.

I do know from numerous discussions with various people that the senior vice president of the Bank, Ernest Stern, is highly committed to population, and I think it would be a very fine thing if he continued to involve himself more and more.

The Bank is presently spending less than 1 percent of its resources on population. Given the overall depletion of resources in international population assistance, I think that this is an unfortunate condition.

I would be glad to answer any questions you may have subsequently.

Representative LEVIN. Thank you very much.

I would like, if you do not disagree, to place your full article in the record. It is not usual that a member of the committee asks if there is objection from outside the committee, but I assume there is not, so we will place that in the record with your prepared statement.

[The prepared statement of Mr. Finkle, together with the article referred to, follows:]

Prepared Statement of Jason L. Finkle

In a remarkable five-year period, from 1965-1970, donor governments, international agencies, private foundations, and the developing countries themselves, began to invest resources and energies in an effort to limit rapid population growth. Before long, it appeared that this international population "system" would be capable of having a significant impact on the ominous demographic trends in Third World countries. Unfortunately, this system today is confronted by a series of problems that raise doubts about its ability to persist as more than a nominal force.

To appreciate the problems that are undermining the international population system it is necessary to say a few words about the constituent units of the system. The first component of the system, the donor countries--mainly the United States, Western European nations, and later Japan--energized the entire population field, providing direct support for Third World population programs as well as indirect assistance through multilateral and private agencies. Since the late 1970s, however, the dynamism and sense of excitement that earlier galvanized the donor community has clearly subsided. In many donor countries, especially the United States, domestic politics have impeded population assistance efforts. Although contributions have continued to increase, the rate of increase has not kept pace with the number of requests for help. Whether the cause is sensitivity to domestic and international political considerations, a response to the global economic recession, or simply boredom with the population issue the amount of funds available for population has levelled off, exactly at the moment of greatest need.

The second major component of the system is the United Nations (UN) and its specialized agencies. The heart of the UN's population effort has been the United Nation's Fund for Population Activities (UNFPA) which has attracted resources from the donor community and, in turn, funnelled them to other UN agencies and directly to developing countries. As contributions from donors to UNFPA have begun to plateau, the Fund has been forced to make painful choices among the numerous claimants on its help. Among the chief claimants in the past, have been the UN specialized agencies--WHO, ILO, FAO, and UNESCO. Significantly, these agencies have not relied on their own budgetary resources for their population work, but have depended almost exclusively on UNFPA funding. While support to the specialized agencies is likely to decrease as a consequence of a decision taken by the Fund's Governing Council, the share of assistance from the Fund to developing countries will increase. Moreover, UNFPA has made a wise and prudent decision for UNFPA to continue its support of the UN Population Division which has performed an important role in collecting and analyzing demographic data on a world-wide basis. The complementary activities of the Fund and the Population Division have done much to make the developing world more aware of its population problems. The one specialized agency that has its own funds and does not rely on UNFPA for support is the World Bank which I will discuss at greater length below.

The third component of the international population system is the loose network of private agencies and foundations with interests in almost every aspect of population, development, and family planning. The distinctive attribute of the private agencies is that they have been able to initiate experimental and innovative projects, working closely with private associations in the developing nations. The range of activities of these voluntary agencies includes support for research, training, service delivery, and countless other activities. The most prominent of the private agencies have been the International Planned Parenthood Federation (IPPF), the Ford Foundation, the Rockefeller Foundation, and the Population Council.

In a way, the Ford Foundation, the Population Council, and IPPF were the flagships of the non-governmental organizations involved in international population assistance. However, each of them has experienced financial problems of varying severity in recent years. As a consequence of what many regard as an ill-advised decision, the Ford Foundation in the late 1970's withdrew from the population field despite its distinguished record of achievement. The withdrawl has left a vacuum that has not been filled in the intervening years. The Population Council, still renowned for its intellectual and applied contributions, has nevertheless undergone a major transformation as its budgetary contraints have forced it to become less a donor agency than a competitor with the other agencies for external funds. Finally, reports emanating from London, the home base of IPPF, indicate that budgetary problems have become serious, threatening to weaken its world-wide operation.

The fourth, and in many ways most important part of the population system, comprises the developing countries themselves. In the 1960's and into the 1970's, the developing countries were heavily dependent on external assistance to carry out their population and family planing programs. In recent years, they have assumed major financial responsibilities for their own programs. Although judgements vary, it appears that internal funding for population activities now exceeds external support. However, there still remain nations, especially in Africa, where the political commitment to fertility limitation remains so weak that there would be no semblance of a program without external funds. The global recession and the sharp increase in oil prices which have affected the industrialized nations has been even more severely felt by the countries of the southern hemisphere. Thus, family planning may not fare well in the competition for domestic budgetary support when the alternatives are food, agricultural, industrial, and urban development, health, education, and other social services. Moreover, it is often overlooked often overlooked is the fact that a number of countries which have experienced fertility declines and are regarded as successful, have reached the point where the decline is levelling off. An infusion of additional help to these countries might possibly constitute the best investment available to donors.

The World Bank

The World Bank is exempt from many of the problems that afflict the rest of the international population system. The Bank has substantial financial resources at its disposal, and is in a position to allocate funds for population assistance in excess of any other agency. Additionally, the Bank has had an unequivocal commitment to population control dating back at least to former President McNamara's speech at Notre Dame asserting that, "the greatest single obstacle to the economic and social advancement of the majority of the peoples in the undeveloped world is rampant population growth." Although President A. W. Clausen has not as yet spoken as vigorously as McNamara on the population question, there is no reason to assume that he is less committed. Notwithstanding, the financial resources available to the Bank, the wealth of talent it has assembled in all fields, and the views of its top leadership, the Bank has not had a significant impact in the population field. Indeed, it is not hyperbolic to assert that the Bank is being increasingly regarded as irrelevant in population assistance. After fourteen years of endeavor, the Bank now has population projects in only eight countries and, of these, only three are demographically significant. In terms of total Bank lending for all purposes, less than one percent is being spent for population.

My interest in the Bank dates back to 1971 when my colleague, Barbara Crane, and I began to study the Bank's activities in the population field with the expectation that we would find the Bank to be a major force in population. In 1981 we published the results of our study in the journal, World Politics[1]. The title of the article "Organizational Impediments to Development Assistance: The World Bank's Population Program" is a fair summary of our thesis. (A copy of the article is attached to this statement for inclusion in the record.) Based on discussions with knowledgeable people close to the Bank, it appears that the Bank has attempted to remedy some of the organizational problems that we identified -- while other problems have been ignored and new ones have arisen.

Among the improvements that the Bank seems to have effected, the following are of particular importance:

1) The Bank's core technology, its "project approach", is applied less rigidly in the "soft" or social sectors than heretofore. Bank officials now show greater understanding for the complexities involved in developing population projects.

2) There are indications, although I am uncertain of their extent, that higher level Bank officials are discussing population more frequently with finance ministers, planning commission members, and other influential Third World leaders in their "development dialogue" with member countries.

3) There seems to have been an effort made by the Bank to educate its own staff on population matters.

4) Although it has cut back on population-related research, it has created a Policy and Reserach Unit which reports directly to the director of the Population, Health, and Nutrition Department, and potentially could become a significant entity for formulating

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[1] Vol. 33, No. 4 (July 1981), pp. 516-553.

population strategies for the Bank.

Among the problem areas where the Bank does not appear to have made improvements, are the following:

1) Bank assistance in the population field is still based on loans (or IDA credits). This has been a major obstacle to its effectiveness as other agencies give grants rather than loans. The leadership of the Bank has either not attemped, or has been unsuccessful, in solving this problem.

2) The Bank has not developed a field staff of population professionals. Instead, it depends on missions made up of its own Washington staff and consultants to visit countries and develop projects. This reinforces the Bank's tendency to design projects in Washington. The system of missions also prevents the Bank having competent professionals stationed in countries to monitor and work cooperatively on a regular basis with local officials.

3) The Bank has not adequately conveyed to its own staff and regional officers a sense of the importance of population questions.

4) The Bank has not pursued alternatives to its conventional approach to population projects. For example, the Bank is uniquely equipped to work with Third World governments and universities in establishing institutions capable of conducting population-related research. The creation of a competent research institution in a country, could be a more significant contribution to development than a loan to build a number of health clinics.

In attempting to solve its earlier problems, the Bank may have created a serious new impediment to its effectiveness in population assistance. Recognizing that it was having problems in its population program, the Bank in 1979 decided to begin lending directly for health services and to merge the Population Projects Department into a new Department of Population, Health and Nutrition. Referring to its reorganization, Ms. Crane and I, in 1981, warned that "there is a danger that the Bank's decision . . . will not help, but will actually hinder its population objectives." It is of interest to note, therefore, that since the reorganization, the distribution of resources within the Department of Population, Health and Nutrition has markedly changed, to the detriment of population. Although the number of professionals in the Department has more than doubled, the amount of time devoted to population has declined to half of its level in 1981. Moreover, there are, ongoing or planned, more than twice as many projects in health than in population.

In summary, the Bank has not yet found a way to realize its potential in extending population assistance to developing countries. It is particularly unfortunate that it has not had the powerful impact that was anticipated. Whereas the rest of the international population system is contrained by the lack of financial resources, the Bank is still impeded by its inability to adapt its organizational structure and procedures to the challenge of becoming as effective in its population work as in other areas in which it is involved.

ORGANIZATIONAL IMPEDIMENTS TO DEVELOPMENT ASSISTANCE:

The World Bank's Population Program

By BARBARA B. CRANE and JASON L. FINKLE*

THE World Bank occupies a pre-eminent role among international organizations promoting economic and social development in the Third World: it currently dispenses over $12 billion a year in loans and credits, far more than any other governmental or international agency; it has unparalleled influence with top government officials in developing countries; and it has a reputation for competent and efficient management which few other development assistance agencies can match. Over the past decade, the importance of the Bank has been enhanced by the expansion of its mission: it now includes rural and urban development and population planning, health, and nutrition—areas of development lending that the Bank had avoided earlier. Yet, although it appears to have distinctive assets as a development agency, there are indications that in attempting to effect social change and to invest more of its resources in human capital, the Bank is encountering serious and unanticipated difficulties. It finds that, compared with its experience in the conventional sectors of lending—such as power, transportation, and communications—projects in the "social" sectors are harder to develop, more subject to delays, and more susceptible to failure.

Nowhere have these problems been more evident than in the Bank's efforts to promote population control in developing countries. The Bank entered the population field in 1968 at the urging of President

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* This analysis of the World Bank was initiated in 1971 as part of a series of studies on the role of United Nations agencies in the population field. The authors gratefully acknowledge support for this project from the Compton Foundation and the Rockefeller Foundation. In the course of the research, over one hundred interviews were conducted with Bank staff at all levels as well as with informed observers in other international agencies and recipient countries. We would like to express our appreciation to these respondents, who have been extraordinarily helpful and open in sharing ideas and information. Because we have honored the confidentiality of the interviews, individual respondents are identified in only a few cases. A draft version of the present article was circulated widely in the Bank, and we have benefited from the comments of Bank staff members. The Bank's cooperation in no way implies official agreement with the analysis and conclusions presented here, however.

We would also like to thank our colleagues at the University of Michigan—Frank Andrews, Gillian Foo, Harold Jacobson, Timothy Johnson, Alison McIntosh, Gayl Ness, and Ruth Simmons—as well as others in the wider international development community whose criticisms and suggestions have been extremely helpful in revising the manuscript.

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McNamara, who argued that a high rate of population increase has a "crippling effect" on economic growth and directly impedes the effectiveness of the Bank by preventing "the optimum employment of the world's scarce development funds."[1] As early as 1973, however, McNamara expressed his dissatisfaction with the slow progress the Bank was making in its population program.[2] By the end of 1980, the Bank still had but 13 ongoing population projects, only 7 of which were in the largest or "key" countries.[3] (See Appendix.) Not only has the amount of lending been much less than the Bank anticipated, but, in the opinion of population specialists both inside and outside the Bank, the quality of its work has been deficient also.[4] In particular, the Bank has been slow to incorporate population considerations into its ongoing "development dialogue" with member countries; its project loans have not proved to be an effective vehicle for strengthening national population programs; and it has been unable to establish smooth and cooperative relations with other donor agencies in the population field.

In this article, we will attempt to explain why the Bank's population program has fallen so far short of its own expectations as well as the reasonable expectations of members of the international "population community." The failures of the Bank in the population field are partly due to the complexities inherent in the effort—an external international agency attempting to work with inexperienced Third-World governments to effect change in a highly sensitive area of individual behavior. But to a great extent, organizational characteristics of the Bank itself have denied it the flexibility required to perform effectively in the population field as well as in other social sectors.[5]

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[1] Robert S. McNamara, Address to the Board of Governors, Washington, D.C., September 30, 1968.

[2] Personal interview, Washington, D.C., December 12, 1973.

[3] Soon after the population program got underway, the Bank clarified its objectives in *Population Planning: Sector Working Paper* (Washington, D.C.: World Bank, 1972). This paper indicated that the Bank expected to concentrate its attention and resources in the largest developing countries—those it considered most critical to the future course of global population growth.

[4] This observation is based on the authors' interviews as well as written reports containing the evaluations of external experts. The most important of these evaluations was commissioned by the Bank in 1975 and carried out under the leadership of the late Bernard Berelson, then president of the Population Council. See *Report of the External Advisory Panel on Population* (Washington, D.C.: World Bank, August, 1976). A follow-up review was done by Bernard Berelson and Ronald Freedman in late 1978.

[5] Since the early 1960s, students of international organization have given increasing attention to the internal dynamics of international secretariats. See especially the analysis of the International Labor Organization by Ernst Haas, *Beyond the Nation-State: Functionalism and International Organization* (Stanford, Calif.: Stanford University Press, 1969); Robert Cox, "The Executive Head: An Essay on Leadership in International Organization," *International Organization* XXIII (Spring 1969), 205-29; and the

As the Bank has grown and aged over the past three decades, it has undergone a process of institutionalization and has emerged as a "committed polity"—an institution embodying key values and possessing a distinctive identity.[6] An organization which has become institutionalized resists changes that threaten to alter its unique character; it becomes committed to protecting those special attributes that it believes have enabled it to survive and grow. It often seeks to maintain these commitments even when they interfere with the achievement of its organizational objectives. Our analysis of the Bank leads us to conclude that the Bank has become committed to three major principles and practices that it believes to be basic to its effectiveness as a development lending agency: (1) its special relationship with its clients, the finance and planning ministries of developing countries that borrow from the Bank; (2) its technology for rendering assistance as embodied in its project lending procedures; and (3) its independence from other organizations that provide development assistance.

Bank officials have been slow to recognize the extent to which its organizational commitments represent obstacles to the Bank's development goals, particularly in the social sectors; they have been even more reluctant to try to alter these commitments in order to improve the Bank's performance. In the population field, Bank officials seem to be responding to persistent difficulties primarily by redefining and scaling down the objectives of the population program, as revealed in their decision in 1979 to integrate it with Bank lending in the health sector. In effect, they continue to fit the task to the organization rather than the organization to the task.

Before considering the dilemmas the Bank faces in trying to maintain its organizational commitments while advancing its population objectives, we will examine how the Bank became involved in promoting population control through a series of decisions that challenged the orthodox approach to development economics and finance then prevailing in the organization.

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studies of eight international agencies contained in Robert Cox, Harold Jacobson, and others, *The Anatomy of Influence: Decision-Making in International Organization* (New Haven: Yale University Press, 1973).

[6] See Philip Selznick, *Leadership in Administration* (New York: Harper and Row, 1957), 38-64. This study of the World Bank owes an intellectual debt to Selznick's classic 1949 study of the Tennessee Valley Authority, *TVA and the Grass Roots: A Study in the Sociology of Formal Organization* (New York: Harper & Row, Torchbook edition, 1966). For a discussion of Selznick's framework and its contribution to organizational analysis, see Charles Perrow, *Complex Organizations: A Critical Essay* (Glenview, Ill.: Scott, Foresman, 1972), 117-204.

THE BANK'S DECISION TO ENTER THE POPULATION FIELD

In the 1950s and 1960s, no organization concerned with economic development could ignore the implications of accelerating rates of population growth. In the developing regions of the world, where the average annual rate of natural increase had been .9 percent from 1900 to 1950, a rapid fall in mortality caused the annual growth rate to reach 2.1 percent in the decade from 1950 to 1960, and 2.4 percent from 1960 to 1970. As early as 1956, the World Bank financed what was to become a landmark study, by Ansley Coale and Edgar Hoover, of the economic impact of demographic trends in India. The authors concluded that India as well as other low-income countries would realize "immediate economic advantages" from a reduction in fertility.[7] While some Bank officials agreed with Coale and Hoover's conclusion, in general they did not see a role for the Bank itself in helping to limit population growth. Like other international agencies, the Bank took the position that the responsibility rested with national governments. In 1967 and early 1968, however, under the presidency of George Woods, it was decided to include information on population trends and policies in all country economic reports of the Bank; even more significantly, borrowers' population policies were to be regarded "as one indication of their commitment to economic growth."[8]

It was not until Robert McNamara became president that the Bank actually assumed an active role in the population field and began to make loans for population and family planning programs. McNamara, who had already shown a strong interest in population while he was U.S. Secretary of Defense, hoped to persuade governments that population growth is the "greatest single obstacle" to economic and social development, and that it creates "stresses in the body politic which in the end can bring on conflicts among nations."[9] A willingness by the

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[7] Ansley J. Coale and Edgar M. Hoover, *Population Growth and Economic Development in Low-Income Countries* (Princeton: Princeton University Press, 1958), 333.

[8] George D. Woods, "World Bank Welcomes Family Planning," *The United Nations and the Population Crisis* (New York: International Planned Parenthood Federation, Victor Fund Report No. 8, 1968), 17. See also World Bank, "The Treatment of Population in Bank Economic Work," Economics Department Working Paper No. 16 (mimeo), May 28, 1968.

[9] Robert S. McNamara, Address to the University of Notre Dame, Notre Dame, Indiana, May 1, 1969. In 1966, McNamara had made a major speech in which he held that economic underdevelopment accompanied by rapid population growth was a threat to a country's stability and ultimately to U.S. security. Referring to the developing nations in the southern half of the globe, he asked: "What are we to expect from a hemisphere of youth where mounting frustrations are likely to fester into eruptions of

Bank to invest in programs to reduce fertility would strengthen this message. In initiating the Bank's assistance for national population programs, McNamara had reason to believe he would have the blessing of important segments of the international community concerned with economic development, since similar proposals had already been endorsed for a number of U.N. agencies.

Ironically, McNamara found it easier to dispel reservations expressed by the Bank's member governments than to overcome resistance on the part of his own staff. The professional orientation and training of the Bank's staff members—mainly economists—led them to slight population change as a factor in the development process. The prevailing models of economic growth and development provided little justification or encouragement for investment in population and family planning programs. These models, which were largely derived from Keynesian analyses of Western economies, posited that a given rate of investment would produce a predictable amount of economic growth—a relationship that was summed up in the notion of the "incremental capital/output ratio." Dependence on what Gunnar Myrdal describes as "one-factor" models contributed to the strong bias toward physical investments in post-World War II development planning. It favored investments in directly productive facilities or in the infrastructure of industrial production such as power and transportation—a bias that also came to dominate in the World Bank.[10]

Critics of this approach to economic growth in less developed countries have pointed out that it fails to take into account the offsetting effects of population growth and the dependency burden associated with a youthful age structure.[11] Elizabeth and Harry Johnson, in re-

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violence and extremism?" See his Address to the American Society of Newspaper Editors, Montreal, Canada, May 18, 1966, excerpted in *The Essence of Security: Reflections in Office* (New York: Harper & Row, 1968), 147. For a more recent statement, see his Address to the Massachusetts Institute of Technology, Cambridge, April 28, 1977.

[10] Perhaps the most comprehensive and penetrating discussion of the influence of capital/output models and their deficiencies is Gunnar Myrdal, *Asian Drama: An Inquiry into the Poverty of Nations*, 3 vols. (New York: Random House, 1968). See especially chaps. 27-29 and appendices 2, 3, 4, and 7. A shorter version of Myrdal's views appears in his essay, "The World Poverty Problem," *Against the Stream: Critical Essays on Economics* (New York: Random House, 1972), 65-100. The Bank's early approach to economic development is discussed in Edward S. Mason and Robert E. Asher, *The World Bank Since Bretton Woods* (Washington, D.C.: Brookings Institution, 1973), 152; see also 458-59.

[11] These effects were convincingly demonstrated by Coale and Hoover (fn. 7). But, as a World Bank economist and collaborator in the Coale and Hoover project commented to the authors, it took considerable time to disseminate their model. Interview with Ravi Gulhati, World Bank, Washington, D.C., March, 1974.

viewing Keynes's influence on economic thought, note the failure of his disciples "to appreciate the effects of rapid population growth in soaking up the gains from capital accumulation and technological improvement that would otherwise accrue to labor in the form of increasing real wages and real income per capita."[12] Exponents of the capital/output models did recognize that, other things being equal, higher rates of population growth implied a need for higher rates of investment if per capita output were to remain unchanged. Some hypothesized, however, that an early emphasis on capital-intensive investment in developing countries would itself contribute to reducing fertility by creating an "urban industrial-commercial environment."[13] Others tended to play down the impact of population growth on economic development because, in the industrialized countries, there was no clear correlation between rates of growth of population and of product per capita.[14]

Although the capital/output models underwent numerous modifications as development economists and planners began to see a need for investments in such areas as education and training, these models nevertheless remained highly influential. As a result, little consideration was given to the desirability of investment in measures to change fertility behavior, or in health, nutrition, and other aspects of human development. Myrdal pointed out as late as 1972 that the writings of behavioral scientists and practitioners of community development, agricultural extension, or family planning did not find a receptive ear among economists: "these analytical attempts of a different type mostly live a life apart, in special books and articles or in separate chapters in the plans, never really integrated into those plans. Seldom, and never effectively, do they challenge the economists' theories and their implicit assumptions."[15]

Even among those Bank officials who recognized population growth as an obstacle to economic development and who favored national population policies, there were many who questioned whether the Bank itself should undertake project loans in the population field. Their doubts arose partly from a general concern that in moving into new sectors, the Bank might be taking undue organizational and financial risks. The Bank's growing involvement in education and agriculture was already viewed as a major departure, and, particularly in the case of education, not as a highly successful one. These officials felt that the conventional financial and economic criteria used by the Bank in selecting and designing projects would be even more difficult to apply to population and other social development projects. They also feared that, in expanding support for such projects, the Bank might weaken the confidence of private lenders and reduce its ability to raise funds in capital markets.

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[12] Elizabeth S. Johnson and Harry D. Johnson, *The Shadow of Keynes: Understanding Keynes, Cambridge and Keynesian Economics* (Oxford: Basil Blackwell, 1978), 233.

[13] Walter Galenson and Harvey Leibenstein, "Investment Criteria, Productivity, and Economic Development," *Quarterly Journal of Economics*, LXIX (August 1955), 364.

[14] Simon Kuznets, *Modern Economic Growth: Rate, Structure, and Spread* (New Haven: Yale University Press, 1966), 67-68.

[15] Myrdal, "The World Poverty Problem" (fn. 10), 99.

Although the atmosphere within the Bank was unreceptive, the determined leadership of President McNamara prevailed; by 1970, a new Population Projects Department (PPD) to oversee Bank lending operations had been created and staffed. Since then, the population program has gradually come to be accepted within the Bank as a legitimate activity. Not only have perspectives on the development process been undergoing change, but the rapid expansion of total Bank lending in the past decade has made it possible to increase lending for population control and other social development purposes without significantly constraining the growth of other sectors. Still, despite the importance that McNamara attached to population control, the population program has lacked a strong base in the internal organizational structure of the Bank and has been subordinated to other priorities.

THE ORGANIZATION AND ITS CLIENTS: THE BANK'S SPECIAL RELATIONSHIP WITH FINANCE AND PLANNING MINISTRIES

It is commonly assumed that public organizations serve collective goals such as protecting public safety, promoting national security, or improving standards of living. What is often overlooked, however, is that in devising means to carry out its official goals, an organization acquires constituencies—or clients—which represent organized centers of power in its environment and whose cooperation it believes to be essential in achieving its goals.[16] Despite the interdependence that often exists between an organization and its clients, the goals and interests of the clients are rarely in complete accord with the stated goals of the organization. Within an organization, the greatest stake in maintaining good relations with clients is held by those particular units that deal directly with the clients and that depend most heavily on their support. In order to gain the support and cooperation of clients, these units come to identify with and become spokesmen for their interests in the organization; they may even recruit staff from the ranks of clients. This process of "co-optation" produces an organizational commitment whereby the organization's decision making increasingly incorporates the outlook, values, and priorities of its clients, limiting the field of choice available to the organization in carrying out its goals.[17]

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[16] Selznick's study of the TVA (fn. 6) reveals how it was deflected from its avowed goal of promoting grassroots participation by its reliance on existing agricultural institutions in the region. See esp. pp. 13-16, 145-47, and 259-61.

In a formal sense, the World Bank's clients are the governments of developing countries that borrow from the Bank; from a practical standpoint, however, the Bank's clients are the ministries of finance and planning in the governments of these countries. These agencies are responsible for negotiating loans and credits from the Bank and for representing their governments in the policy-making bodies of the Bank.[18] The close relationship between the Bank and the ministries of finance and planning stems initially from the provision in the Bank's charter that "each member shall deal with the Bank only through its Treasury, central bank, stabilization fund, or other similar fiscal agency, and the Bank shall deal with members only by or through the same agencies."[19] Yet the working relationships that Bank officials have cultivated with these ministries over the years have dimensions that extend far beyond the legal requirements of the Bank's charter and reflect the convergence of their organizational and professional interests. Bank officials frequently refer to the "continuous dialogue" they carry on with borrowing governments.[20] Through this "dialogue," the Bank seeks to penetrate the inner circles of power in developing countries and to extend advice on matters ranging from broad macroeconomic policies to the technical details of designing and implementing individual development projects.

The Bank's influence with its client ministries is based mainly on their desire to obtain its financial assistance. According to Bank officials, the clients also value the Bank's policy advice because the institution is perceived as having extensive experience with development in different countries and sectors. The Bank commands further prestige and authority through its role as chairman of more than 20 consortia and consultative groups of aid donors. At the professional level, a natural affinity exists between the Bank's staff and the national officials in ministries of finance and planning, who often share a similar educational background and outlook on development issues. Not surprisingly, then, ministries of finance and planning frequently look upon the Bank as a powerful ally in internal policy debates. Officials of the Bank, in turn, see the cooperation of its clients as the key to its influence with member governments. The role of finance and planning ministries in resource allocation puts them in a strong position to have their views accepted by the government as a whole.[21] Within the Bank, clients' interests and priorities are unofficially represented by its powerful regional offices, which are directly responsible for relations with borrowers and for developing the Bank's overall lending program in each country.

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[17] *Ibid.*, 16.

[18] It should be noted, however, that finance and planning ministries in developing countries have only limited influence in the formal governing bodies of the Bank, as the majority of votes are controlled by the representatives of Western industrialized countries.

[19] International Bank for Reconstruction and Development, *Articles of Agreement*, art. III, sec. 2.

[20] See, for example, World Bank Group, *Policies and Operations* (Washington, D.C.: World Bank, 1974), and Mason and Asher (fn. 10), 426.

When the Bank entered the population field, many of its own officials as well as others interested in population control assumed that it could use its close relationship with economic decision makers as a means of persuading governments to adopt population policies or to strengthen them where they already existed. They expected that the Bank's clients would recognize the economic payoffs from fertility limitation and would therefore be attracted by its offer of project loans for this purpose. They further believed that project loans would lead ministries of finance and planning to become more involved than they would otherwise be in vital aspects of the implementation of population programs. These expectations have been only partially fulfilled. In a few countries, such as Indonesia, India, Kenya, and Malaysia, the Bank has found that its relationships with clients have made it easier to develop a Bank-financed population project. But, because of the unusual political sensitivity and administrative complexity of population programs, ministries of finance and planning are generally less able to facilitate achievement of the Bank's population objectives than some of its other development aims. What is of equal importance, finance and planning ministries seem to rank population programs low on the list of projects for which they would like the Bank's support—a ranking that is more or less reflected in the priorities of the Bank's regional offices.

The political and administrative environment of population pro-

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[21] For further insight into the role of finance and planning ministries, see Naomi Caiden and Aaron Wildavsky, *Planning and Budgeting in Poor Countries* (New York: Wiley, 1974), esp. 243-61. Planning units may or may not be located in finance ministries; in general, planning agencies have a more variable influence than finance ministries, since much depends on the organizational location of planners in government.

grams in developing countries. In most areas of economic development, Third-World countries have actively solicited the assistance of external donors. This pattern does not hold in the population sector, as programs to reduce birth rates have little political appeal. To begin with, population control as an objective tends to be perceived as incompatible with the socialist and nationalist ideologies with which political leaders in developing countries are identified.[22] Even where these ideologies do not determine development decisions, leaders may still be skeptical that policies and programs to promote family planning can have a demographic impact, despite the growing evidence from a variety of social settings that organized family planning efforts have had a significant independent effect in reducing fertility.[23] An additional liability of programs of population control is the perception that their social and economic benefits will not be felt until long after the current leaders have left the scene. Economists, planners, and other technocrats may be able to overcome these intellectual obstacles to population policies in their governments; nevertheless, if a regime believes that family planning programs will offend key elites or provoke public controversy, its leaders may be exceedingly reluctant to risk political and financial capital in an active family planning program. These fears have not been easy to dispel in developing countries where religious and ideological opposition to birth control persists, or where ethnic politics are intense, as in much of Latin America, Africa, and the Middle East. Even where the government is officially and openly committed to reducing birth rates, as in India, Pakistan, Egypt, and Kenya, population and family planning programs can seldom count on strong or consistent support from national political leaders.

In the absence of high-level political involvement in the national population program, ministries of finance and planning often assume much of the responsibility for ensuring that the program realizes its goals. The pre-eminent position of these ministries enables them to raise the status of the population program within the government bureaucracy and to facilitate its coordination with other development programs. Equally important, finance ministries in particular can ensure that the program has adequate budgetary support; a strong finance ministry can also hold program administrators accountable for their performance. In many cases, however, differences in professional and organizational orientations limit the influence of finance and planning ministries over administrators of population and family planning programs.

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[22] The force of these ideologies was strong enough to transform the 1974 World Population Conference in Bucharest into a highly politicized confrontation between rich and poor nations. See Finkle and Crane, "The Politics of Bucharest: Population, Development, and the New International Economic Order," *Population and Development Review*, 1 (September 1975), 87-114.

[23] See, for example, Bernard Berelson, W. Parker Mauldin, and Sheldon J. Segal, *Population: Current Status and Policy Options* (New York: The Population Council, Working Papers of the Center for Policy Studies, No. 44, 1979).

In most countries, family planning administrators are members of health ministries, and, as a result, the demographic objectives of the program must often yield precedence to the objective of expanding and improving basic health services.[24] Medical doctors may invoke their professional prerogatives to resist external intervention on key issues such as the extent of integration between family planning and other health functions. Even where administrators of family planning programs are more independent of the health ministry and are strongly committed to reducing fertility, ministries of finance and planning still find it difficult to guide their activities. Family planning, like other social development programs, is by nature consumer-oriented; in order to recruit potential adopters, especially in rural areas, it is necessary to build a strong field organization, create a decentralized decision-making structure capable of adapting to local conditions, and mobilize a variety of public and private agencies.[25] Not only are finance and planning officials likely to be physically and administratively remote from community workers and other personnel directly involved in promoting family planning, but their backgrounds and professional training do not prepare them to play an effective role in shaping such a program's strategy and implementation. Moreover, requirements by central finance and planning ministries that administrators adhere to certain accounting and reporting procedures (as, for instance, in the early stages of the Indonesian program), often place additional bureaucratic constraints on the program while doing little to increase effectiveness.

Client relations and the Bank's organizational priorities. While conditions in member countries have limited the Bank's ability to use its ties with clients for furthering its population objectives, these objectives have also been impeded by a lack of full cooperation from its regional offices—the units of the Bank that are responsible for client relations. The regional offices are highly influential within the Bank; in addition to conducting its overall "development dialogues" with clients, they also allocate the Bank's resources among sectors and countries within each region. The central role of the regional offices has emerged since their creation in 1972; at that time, the Bank underwent a major reorganization in order to resolve chronic tensions between geographical area departments and functional "projects" departments and to become more responsive to the needs and priorities of individual countries. The larger, more established projects departments—e.g., in the transportation, public utilities, and agricultural sectors—were broken up and divided among six newly created regional offices, which are not physically located in the regions they serve, but in the Bank's Washington headquarters. Significantly, the Population Projects Department and several other small projects departments were placed under a Central Projects Staff separate from the regional offices; it thus became more difficult for PPD to gain the attention and support of these offices.

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[24] Finkle and Crane, "The World Health Organization and the Population Issue: Organizational Values in the United Nations," *Population and Development Review*, II (September-December 1976), 367-93.

[25] Theodore M. Smith, "Management and Family Planning Programs: Indonesia, A Country Profile," *Readings on Family Planning and Population Program Management* (New York: Ford Foundation, 1973), 26-27.

Like other new sectors of Bank activity, the regional offices have been reluctant to add the population issue to the long agenda of development problems which they must cover in their discussions with governments. Despite President McNamara's instructions, few of the missions sent on a regular basis by the regional offices to analyze economic conditions in member-countries have given population matters more than cursory attention. On several occasions, a population project has been included in the Bank's projected five-year lending program for a country; but when obstacles arose, the regional office found it expedient to drop or postpone it and to substitute a project in another sector which was quicker and easier to develop.

The weak support given to population activities in the regional offices is not simply a function of administrative constraints, however; far more important has been the commitment of the regional offices to the interests and priorities of ministries of finance and planning, especially those representing major borrowers.[26] Although officials of finance and planning ministries are more likely than other governing elites to be intellectually convinced of the desirability of population control, they are not anxious to obtain loans from the Bank for this purpose. They may consider loans for social-sector projects to be well justified by their long-run economic return, but they perceive little or no assurance of a financial and political return to the government. By contrast, large-scale capital infrastructure projects are seen as contributing directly and substantially to the country's gross national product and to its ability to generate public revenue and foreign exchange. Moreover, such projects as port facilities, power plants, and irrigation systems are often of greatest benefit to the economic elites closely associated with the regime, and the visibility of such projects contributes to a sense of progress in the country.

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[26] Significantly, the major borrowers are also the most important countries for the Bank from a demographic standpoint: of the 17 top borrowers, all except Yugoslavia, Romania, and Morocco are "key" countries. Seven of these key countries, which accounted for about 25 percent of cumulative Bank and IDA lending as of mid-1979, do not have Bank population projects: Brazil, Mexico, Colombia, Turkey, Pakistan, Iran, and Nigeria.

In addition, the Bank's clients are naturally concerned with obtaining external assistance on the best possible terms. Although for most economic development purposes, loan money is far more abundant than grants, in population and certain other social sectors, the proportion of grants to loans has been higher. Other things being equal, if governments can obtain grants from United Nations, bilateral, or private agencies for the same purposes for which the Bank is offering loans at 7 or 8 percent, they naturally prefer grants, which do not have to be repaid. (This consideration is far less important for those poorer countries eligible for credits on extremely generous terms through the Bank's soft-loan window, the International Development Association.)[27]

Among those governments that have nevertheless accepted the Bank's assistance for population control, the incentive often appears to have been the additional transfer of resources as much as the contribution that the funds would make to the population program. The governments of India and Indonesia, for example, have been more receptive to borrowing from the Bank for a population project if the loan involved large amounts for buildings and other tangible assets (which are not easily obtainable from other donors), or for local costs of the project (thereby in effect freeing an equivalent amount of foreign exchange for whatever purposes the government chooses).

The preferences of finance and planning ministries thus reinforce the inclination of the Bank, and especially its regional offices, to continue its traditional lending pattern: large loans for large projects. This pattern has been further reinforced by international financial trends. During the 1970s, rising oil prices and the economic recession in the West caused the already serious balance-of-payments problems of many developing countries to become even more acute. When commercial banks stepped in to meet their growing financial needs, the relative importance of the Bank as a supplier of capital began to diminish. Cognizant of these trends, President McNamara pursued a policy of rapid expansion in the Bank's lending.[28]

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[27] At the conventional 10 percent discount rate used by the Bank and other aid donors, "the grant-equivalent of a normal IDA credit with a fifty-year maturity, a ten-year grace period, and a 0.75 percent service charge is 86.4 percent." Mason and Asher (fn. 10), 209.

But there has been a conflict between the Bank's aspiration to be a leading development financier and its new objectives of redistributing income and controlling population growth.[29] Up to a point, the Bank's influence on behalf of these new objectives should increase as its supply of capital increases. This calculation does not take into account, however, that the Bank is in effect already committed to an ongoing role in helping major borrowers with their financial management. Above all, the Bank sees a need to continue the flow of capital into these countries as well as to continue its leading role in coordinating external assistance and in co-financing development projects with other donors and private investors. It appears that the Bank's interest in serving its clients often takes precedence over its efforts to reform development policies and programs. Even when its major borrowers—such as the Philippines, Brazil, Nigeria, and Egypt—have shown a poor record in redistributing income and meeting basic needs, including family planning, they have continued to receive special consideration from the Bank.

In order to make greater progress in the population field, the Bank must find ways to persuade its clients to do more about population problems in their countries and to accept the Bank's assistance. The Bank is not prepared to condition its offer of development loans in other sectors on a government's willingness to accept a loan for population control.[30] There are other ways, however, in which the Bank can make its influence felt with its clients. Population policies could be treated as a more visible and important element of the Bank's overall evaluation of a country's development performance, which is a factor in allocating Bank resources. The Bank could also do more to educate those on its staff who work with clients, and to give population matters greater prominence in meetings of aid consortia and donor consultations chaired by the Bank.

If the Bank continues to depend on its client ministries of finance and planning as its major avenue of communication with developing countries, it will be limited in how much it can accomplish in the population field—as in other social sectors. Without contravening its legal obligation to deal with governments through finance and planning ministries, the Bank may find it advantageous to reach beyond these clients—to other units in the government as well as to other elements of society outside the government. One means to this end might be a larger field staff capable of developing relations with relevant interest groups and professional specialists. The Bank could also extend its reach through greater cooperation with other donor agencies, which often have extensive field networks and a broader range of contacts. Through these means, the Bank could enhance its understanding of the political and administrative environment in which population and other development policies are formulated and carried out in member-countries, and improve its ability to work with those groups which can best advance the kinds of reforms it supports. Ironically, however, if the Bank were able to modify its pattern of client relations, such a change might further underscore the liabilities associated with the procedures under which it provides assistance.

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[28] This policy was enunciated in McNamara's first address to the Board of Governors of the Bank (fn. 1), and has been a key objective throughout his administration.

[29] This conflict was accurately foreseen by Escott Reid in "McNamara's World Bank," *Foreign Affairs*, Vol. 51 (July 1973), 794-810, and by Paul Streeten, "In the Rostovian Tradition," *Ceres*, VIII (January-February 1975), 56-59.

[30] See George B. Baldwin, George C. Zaidan, and Peter C. Muncie, "The Population Work of the World Bank," *Studies in Family Planning*, IV (November 1973), 294.

THE CORE TECHNOLOGY:
THE BANK'S PROJECT PROCEDURES

Standard operating procedures that define how tasks are to be performed—or what James Thompson has called "core technologies"[31]—are vital to all complex organizations. These procedures, which emerge from the organization's experience, provide stability: they "not only transmit past learning; they also control (make predictable) behavior in the firm."[32] Under some circumstances, however, adherence to standard procedures may interfere with the organization's effectiveness in achieving its goals. Instead of employing a flexible range of technologies appropriate to these goals, an organization may become so committed to certain technologies and procedures that "the free or scientific adjustment of means and ends is effectively limited."[33]

No technology used by the World Bank has acquired greater institutional standing over three decades of lending than the procedures it uses for identifying, designing, appraising, and supervising the projects it finances.[34] These procedures arose partly in response to provisions in the Bank's charter which stipulate that it is to lend for specific projects "except in special circumstances," and that it "shall make arrangements to assure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations."[35] These provisions reflect the desire of the Bank's founders to assure the financial soundness of the Bank's loans, its ability to monitor the flow of funds, and ultimately, the ability of borrowers to repay the loans.

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[31] Thompson, *Organizations in Action* (New York: McGraw-Hill, 1967), 19.

[32] Richard M. Cyert and James G. March, *A Behavioral Theory of the Firm* (Englewood Cliffs, N.J.: Prentice-Hall, 1963), 104. See also pp. 99-113.

[33] Selznick, *TVA and the Grass Roots* (fn. 6), 255.

Beyond doing what is required to protect the financial interests of the Bank, however, its project procedures have become an elaborate means for maintaining centralized control over the allocation and use of Bank resources. On the basis of interviews with Bank officials, articles they have written, and discussions with informed observers, it is possible to abstract three distinguishing features of the Bank's approach: (1) detailed specification of project plans before approval of loans by the Bank; (2) centralization of decisions affecting the preparation and implementation of projects; and (3) identification of discrete "investment-oriented" activities to be financed by the Bank. In the years during which the Bank was almost exclusively involved in lending for capital infrastructure, conformity to these features appeared necessary in order to ensure worthwhile investments.[36] When the Bank articulated its objectives in the population field in 1972, it announced that its strategy would be "to establish the usefulness of its project approach in dealing with the population problem. . . ."[37] Yet, as its subsequent experience with its population program illustrates, the value of the project approach in the newer sectors of lending is open to serious question.[38]

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[34] A recent and authoritative description of these procedures and their objectives by Warren Baum, Vice-President of the Bank and head of its Projects Staff, is "The World Bank Project Cycle," *Finance and Development*, xv (December 1978), 10-17. See also his earlier article, "The Project Cycle," *Finance and Development*, VIII (June 1970). Other accounts by World Bank officials are contained in John A. King, *Economic Development Projects and Their Appraisal* (Baltimore: Johns Hopkins University Press, 1967), 3-15; Bernard Chadenet and John King, "What is 'A World Bank Project'?" *Finance and Development*, IX (September 1972), 2-12; and Gerald M. Alter, "World Bank Goals in Project Lending," *Finance and Development*, xv (June 1978), 23-25.

[35] International Bank for Reconstruction and Development, *Articles of Agreement*, art. III, secs. 4 and 5. The Bank has made "nonproject" or "program" loans to countries facing acute balance-of-payments deficits in order to meet immediate import needs, and, more recently, to aid longer-term structural adjustment as well. However, this type of loan has only accounted for about 5 percent of total Bank lending through 1980.

[36] Of course, even when the project approach is applied to lending for capital infrastructure, problems may arise in adapting projects to local conditions and implementing them successfully; see Albert Hirschman's study of World Bank loans in the mid-1960s, *Development Projects Observed* (Washington, D.C.: Brookings Institution, 1967).

[37] World Bank (fn. 3), 28.

Detailed specification of project plans. Projects in the population sector have generally taken two to three years to develop from their initiation to the negotiation of the final agreement. Most of the preparatory work is done by the staff of PPD in Washington, aided by information and documentation gathered in a series of short-term missions to the country. The purpose of the missions is to survey the overall needs of the population sector, identify the components of the project, plan how the project will be carried out, and prepare a final appraisal for consideration and approval by the Bank's Board of Executive Directors. The missions often place heavy demands on national administrators, drawing them away from their program responsibilities. Despite the investment thus made by both the Bank and the borrower in lengthy planning procedures, these procedures have provided little assurance that a project will be designed well or will be implemented efficiently and effectively. Knowledge of what needs to be done to mount a successful population program is still lacking; therefore, the inclusion in the Bank's appraisal reports of detailed descriptions of project activities, along with precise timetables for their implementation and quantitative estimates of their demographic impact, has often created a false sense of security.[39] Implementation of the Bank's population projects has fallen far behind schedule: by the middle of 1980, only four projects had been completed, and even these experienced delays ranging from one to four years.

More important, in planning projects to be carried out over a four- to seven-year period, it has been difficult for the Bank and the borrowers to anticipate and provide for changes in strategy or policy affecting the projects. Governments often adjust their population program as accumulating knowledge and research suggest new ideas about what will work, or as the level of political support for the program changes. For example, soon after the first Bank project got underway in Indonesia, the national program began to move away from a clinic-based approach to delivering family planning services; plans for constructing or rehabilitating over two hundred clinics had to be dropped, leaving the Indonesians with a sense that the time and effort invested in preparing these plans in advance of Bank approval of the project had been wasted.

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[38] An insightful discussion of problems with the project or "blueprint" approach to development assistance—particularly in areas like rural development and family planning—is contained in David Korten, "Community Organization and Rural Development: A Learning Process Approach," *Public Administration Review*, XL (September-October 1980), 480-511.

[39] Berelson and his colleagues arrived at a similar conclusion when they said, "The very thoroughness of the Bank's approach often tends to lend a spurious solidity to the project as defined. . . ." (fn. 4), 42.

Centralization of decision making. In its conventional sectors of lending, the Bank has attempted to maintain the principle of an arms-length relationship with borrowers so that its final appraisal of a loan will not be biased.[40] This norm, although sometimes violated, has been a primary justification for the Bank's insistence on having few staff members stationed in the field to work with client countries in developing projects, a practice that distinguishes it from other aid agencies. In general, the borrowers themselves have been expected to design projects, often with the help of consultants. In the social sectors, however, because the technical criteria for appraisal are not standardized, headquarters staff members in Washington have assumed a leading role in designing projects in order to assure that they will meet with the Bank's approval, and the Bank has preferred to employ consultants as members of its own project preparation missions. The Bank's centralized structure, combined with its active involvement in project design, have thus increased the likelihood that population projects will be poorly adapted to their national setting. For example, in 1979 a Bank mission in the Philippines proposed a new "primary health care" approach to family planning under the Ministry of Health. Locally based officials of other donor agencies doubt, however, that the Ministry understands the ingredients of the primary health care approach or is committed to including family planning as envisioned by the Bank.

Once project agreements are signed, the Bank has generally overseen their implementation by means of periodic written reports from project administrators, supplemented by missions sent from Washington.[41] The Bank also maintains centralized control over the disbursement of funds, transferring them to the borrower only after the borrower demonstrates that they are being spent for previously agreed-upon purposes. The reporting and disbursement procedures—which are appropriate for construction projects where technical standardization makes it easier to identify corruption or incompetence—have imposed burdens on population program administrators while providing little assurance that the funds are being spent wisely. Moreover, the perception of national administrators (not always correct), that the Bank is committed to seeing its projects carried out as originally agreed deters them from proposing needed changes in the course of implementing the project. If these local administrators do wish to make changes in the project, they must first apply to the finance ministry of their own government and then to Bank headquarters to obtain approval.

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[40] See Mason and Asher (fn. 10), 235, and Baum, "The Project Cycle" (fn. 34).

[41] In several countries—India, Indonesia, and Bangladesh—the Bank stationed a field representative to facilitate implementation after approving a population loan for the country; but this is viewed as an exceptional practice, and the population representatives in India and Indonesia have been withdrawn.

Identification of discrete "investment-oriented" activities. The Bank's population projects characteristically encompass a series of discrete activities which, taken together, are supposed to be "sufficiently coherent to form a justifiable whole."[42] On the one hand, the Bank naturally wants its projects to contribute to the overall program of the government in the sector; on the other hand, a long-time Bank official points out that the essence of a project is its "self-contained nature," which distinguishes it from general programs and plans for the sector or the economy.[43] Although it is willing to finance a wide range of activities under a project—e.g., physical facilities, advisory services, and training and research activities—the Bank insists that the scope be limited and its elements well defined. The emphasis on project definition results from the belief that specifying the components of a project as precisely as possible ensures the "basic understandings [with the borrower] on which successful project execution and effective supervision depend."[44] The Bank also limits its support for salaries and other operating expenditures to those that can be "capitalized"—that is, justified as part of the borrower's investment in program expansion.[45]

There is some precedent for seeking alternatives to funding specific projects by combining general budgetary support with support for specific activities or by providing "sector" loans. Under a sector loan, the Bank and the government agree on an overall strategy or plan for the sector, and the Bank undertakes to finance a certain percentage of the

[42] World Bank, *World Bank Lending for Population: 1969-77* (Washington, D.C.: World Bank, 1977), 8.

[43] E. K. Hawkins, *The Principles of Development Aid* (Baltimore: Penguin Books, 1970), 87-88. In the words of Caiden and Wildavsky, a project is expected to be an "oasis of certainty in an environment of uncertainty" (fn. 21), 61.

[44] Chadenet and King (fn. 34), 6.

[45] World Bank, *World Bank Lending for Population* (fn. 42), 22. Peter Heller suggests that there is frequently no economic justification for limiting support for recurrent expenditures, which "may prove as productive as capital expenditure in the development process." Heller, "The Underfinancing of Recurrent Development Costs," *Finance and Development*, xvi (March 1979), 39.

expenditures incurred. The Bank has rejected recommendations that it try sector lending in the population field, maintaining that "it can normally achieve sector objectives through the greater specificity and discipline which project lending provides."[46]

Although the Bank's contention that a project loan can serve as a vehicle for strengthening the overall sector may have merit in conventional areas of lending, its applicability in the population field is doubtful. First, as a consequence of the limited scope and precise definition of the Bank's population projects, there is an inherent risk that they will create imbalances between various elements of the program or will be poorly integrated with the rest of the program or sector. Whereas conventional Bank projects are usually intended to serve as catalysts for private investment, projects in a social sector depend much more on how well they are coordinated with other governmental activities in the same and related sectors. The Bank found that its first population project in India, which focused on extending family planning services in selected districts, suffered because there was no commensurate increase in educational activities to promote utilization of the services. In the same project, following a well-established procedure in other sectors, the Bank required the government to establish a separate unit to manage the project; but progress was hindered by the inability of that unit to cooperate well with the rest of the family planning program. Although the Bank has attempted to remedy these deficiencies in structuring subsequent loans to India and other countries, the difficulties of relating its project activities to ongoing programs have not been resolved.

Second, in most countries receiving its assistance, the Bank has found that its project loans have provided insufficient leverage to induce significant reforms and innovations, or to hold the government accountable for what it is doing in areas of the program or sector not directly supported by the Bank loan. Bank officials often say that they would like to see governments devote more effort to promoting demand for family planning through outreach activities and such innovations as community-based distribution schemes and economic incentives to couples. The Bank also encourages governments to develop mechanisms to involve ministries and units from sectors other than health and family planning (e.g., education, agriculture, and social welfare) in creating new networks to deliver services and finding new ways to increase acceptance of family planning. But where the Bank has agreed to finance health-service delivery and training facilities in which family planning is only a minor element, as in Egypt and Kenya, it has done more to reinforce the role of the central health bureaucracy in the program than to encourage program administrators to experiment with unconventional approaches.

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[46] World Bank, *World Bank Lending Policies and Procedures in the Population Sector* (Washington, D.C.: World Bank, 1977), 5. The Berelson report (fn. 4) recommended that the Bank consider sector lending for population programs.

Finally, the expectation that a project loan will permit the Bank to exercise a strong influence over the program as a whole has often been unfulfilled; in Bangladesh, Indonesia, and the Philippines, for instance, other donors are providing assistance for significant components of the program independently of the Bank. In such a situation, if the other donors disagree with the Bank about a particular issue facing the program, the government has less incentive to be responsive to the Bank.

The project approach and the Bank's organizational priorities. The implementation of the Bank's project procedures in the population field on a day-to-day basis has been the responsibility of the Population Projects Department under the general supervision of the Central Projects Staff. When the PPD was created, there were no population experts within the Bank; about a dozen new staff members had to be hired from outside. Most were demographers or former family planning administrators; few had had experience in designing development assistance projects, and only two had previously worked with the Bank.[47] As a new department, the PPD was naturally inclined to adhere closely to prescribed procedures in order to gain acceptance and prove itself within the Bank. At such times when the PPD staff perceived a need for changes in Bank practice, it has been in a particularly disadvantageous position to propose them because the Central Projects Staff, under whose supervision it operates, serves as a "quality assurance unit" for the Bank's project work.

In the view of most Bank officials, especially those on the Central Projects Staff, the Bank's project procedures should not be modified substantially in order to accommodate to the population field or other social sectors. These procedures are seen as the key to the Bank's effectiveness in development assistance; as one staff member wrote in 1970, they "represent perhaps the World Bank's unique contribution to the theory and practice of development finance."[48] More recently, high-level Bank officials have maintained that they would not change its procedures even if the Bank were able to give grants.[49] In addition to contributing to the Bank's effectiveness and prestige, its project standards are seen as helping to promote support for the Bank from its constituents in the finance ministries of donor countries.[50] Bank officials further believe that these standards are a reason for the developing countries to seek assistance from the Bank rather than from other sources; they maintain that finance and planning ministries usually agree with the Bank that the "discipline" of its project approach will lead to better performance by technical agencies.

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[47] Although the number of professionals has doubled, it is still the case that only one or two have had much previous experience with the Bank.

[48] Hawkins (fn. 43), 119.

While the Bank's understanding of its constituents' views is not without foundation, it neglects the potential conflict that arises in many instances between fulfilling procedural requirements and achieving substantive goals.[51] The Bank tends to overlook the possibility that in some countries a more general and flexible agreement between the Bank and the borrowing government about the strategy to be followed might enable program administrators to function more effectively. If national administrators had a greater role in determining how assistance is to be used, they might be able to adapt external resources more readily to the full range of program needs and make adjustments as new needs appear. Similarly, if the administrators participated more in developing special project activities under the agreement, they might become more committed to seeing them through successfully.[52] Close involvement and supervision by the Bank's staff in Washington—or by central finance and planning ministries—is no substitute for the administrators' own commitment. If the Bank had more representatives in the field, it might be in a better position to promote this commitment as well as to assist local administrators in overcoming problems as they arise. The Bank might also exercise a more beneficial influence if it concerned itself more with the achievement of overall program objectives rather than the implementation of specific projects laid out in a loan agreement.

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[49] Interview with Warren Baum, Vice-President, Projects Staff, World Bank, Washington, D.C., March 7, 1974.

[50] This perspective is well expressed by Eugene H. Rotberg, *The World Bank: A Financial Appraisal* (Washington, D.C.: World Bank, 1976), 13-14.

[51] The project procedures of the World Bank and other aid donors, especially as applied in social sectors, have been subject to increasing criticism by development experts. See Korten (fn. 38); Maurice J. Williams, *Development Cooperation: Efforts and Policies of the Members of the Development Assistance Committee* (Paris: Organization for Economic Cooperation and Development, 1978), 77 and 95-97; Dennis A. Rondinelli, "International Assistance Policy and Development Project Administration: The Impact of Imperious Rationality," *International Organization*, xxx (Autumn 1976), 599; and George Honadle and Rudi Klauss, eds., *International Development Administration: Implementation Analysis for Development Projects* (New York: Praeger, 1979).

[52] According to several participants and observers, the benefits of a more decentralized and flexible approach to population assistance are illustrated in Indonesia, where the United States Agency for International Development (AID) committed funds with minimum procedural requirements and considerable discretion to AID field personnel and Indonesian family planning officials. See U.S. Congress, House, Select Committee on Population, *Population and Development: Status and Trends of Family Planning/Population Programs in Developing Countries, Volume II*, Hearings before the Select Committee on Population, 95th Cong., 2d sess., 1978, pp. 579-607; also James R. Heiby, Gayl D. Ness, and Barbara L. K. Pillsbury, *AID's Role in Indonesian Family Planning: A Case Study with Several Lessons for Foreign Assistance* (Washington, D.C.: U.S. Agency for International Development, Program Evaluation Report No. 2, 1979).

INTER-ORGANIZATIONAL RELATIONS:
THE BANK AND OTHER DONOR AGENCIES

Our analysis thus far has attempted to demonstrate that the Bank is constrained in its ability to work effectively in the complex political and administrative environment of national population programs by its relations with client ministries and its own project procedures. The presence of numerous other organizations in the population field makes this environment even more complex and introduces additional sources of difficulty and uncertainty for the Bank. An organization often reacts to uncertainty by attempting to develop stable relationships with other organizations, or, in the words of Cyert and March, by arranging a "negotiated environment."[53] In working out a negotiated environment, an organization may be prepared to compromise its independence if its competitors will agree to establish a division of labor or will help the organization gain access to additional financial resources, technical expertise, or new clients. This type of compromise becomes more difficult for an organization such as the World Bank, which has institutionalized commitments to a certain group of clients or to a core technology.[54] These commitments, in effect, engender a further obligation on the part of the organization to maintaining a high level of independence and control in its relationships with other organizations.

In established sectors of lending, the Bank has either operated independently of other development assistance agencies or has been able to gain the benefits of cooperation without sacrificing its organizational commitments to its clients and project procedures. The models of inter-agency cooperation developed by the Bank over the years have usually allowed it to play the dominant role. As Mason and Asher observe, "the Bank has become a partner of various agencies without enabling those agencies to feel that they are full and equal partners of the Bank."[55] This dominance has been made easier by the willingness of other U.N. agencies to let the Bank take the lead in joint activities, mainly because of the opportunities for them and their clients to benefit from the Bank's financial resources. Some of the major functional agencies—including the Food and Agriculture Organization, the World Health Organization, and the United Nations Educational, Scientific, and Cultural Organization—have entered into formal "Cooperative Agreements" with the Bank under which the agencies have created special units to help the Bank find and prepare projects that can meet its investment criteria. The Bank provides most of the funding for these units, helps to select their staffs, and guides their activities. The Bank also has close relations with the United Nations Development Program, which provides grants that finance much of the technical assistance initiated and carried out by the special cooperative units as well as by the Bank, in the expectation that feasibility studies and other pre-investment work done under the Bank's auspices is likely to be followed up with Bank loans. In addition to the joint programs of the Bank and U.N. agencies, a number of bilateral aid agencies have chosen to take advantage of the Bank's manpower and expertise by agreeing to co-finance projects, often with grants, that have been identified, prepared, and supervised by the Bank.

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[53] Cyert and March (fn. 32), 119-20.

[54] Selznick suggests, for example, that the TVA's commitment to organized agricultural interests in the region hindered its cooperation with various federal agencies. See *TVA and the Grass Roots* (fn. 6), esp. 164-79.

When the Bank first entered the population field, its officials believed that it could make a distinctive contribution with relatively little cooperation from other agencies. They soon began to recognize, however, that their ability to pursue their objectives would be profoundly affected by the activities of other major donors—chiefly the United Nations Fund for Population Activities (UNFPA), the World Health Organization (WHO), and the United States Agency for International Development (AID).[56] UNFPA is supported almost entirely by contributions from eleven Western governments; from 1969 through 1979, it disbursed about $525 million for various population programs, of which about 60 percent went for family planning and related projects.[57] WHO has been the primary executing agency for UNFPA in the provision of technical assistance for health and family planning, using about $90 million. AID, the largest bilateral agency, spent over $1.3 billion for population programs in the same period; less than half of this amount was used for bilateral assistance, with most of the AID funds being channeled through intermediaries such as UNFPA and private organizations.

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[55] Mason and Asher (fn. 10), 750.

[56] Other government donors assisting in population programs include, in order of importance, Sweden, Norway, the United Kingdom, Japan, Canada, the Netherlands, Germany, and Denmark. In contrast to the United States, these donors have sought to reduce the political visibility and administrative costs of their assistance by providing much of it in the form of contributions to international agencies such as UNFPA and the International Planned Parenthood Federation. A number of them have also entered into arrangements to co-finance projects with either UNFPA or the Bank in which the multilateral agency takes the lead in planning and overseeing the project.

In contrast to conventional areas of Bank lending, the money potentially available from these agencies to assist family planning has until recently exceeded the demand from developing nations as well as the capacity of many newly launched programs to make use of the funds for the desired purposes. As a result, the agencies have found themselves competing with one another for opportunities to assist national programs, especially in the critical areas of technical assistance and institution-building. While the Bank ostensibly holds to its traditional position that it is the "lender of last resort" and that it encourages borrowers to seek assistance from other agencies with easier financial terms, this norm has been violated in the population field (as in other sectors). The Bank has not encouraged borrowers to turn to other agencies; instead, it has tried either to finance technical assistance itself or to have other donors do it under a co-financing arrangement in which the Bank develops and oversees the project. Although, in its efforts to assume a leadership role among external agencies, the Bank has sometimes gained the support of ministries of finance and planning, it has met with resistance from the other major donors; in Kenya, for instance, UNFPA and AID simply went ahead and negotiated their assistance independently.

Tensions among the donor agencies go beyond disagreement over who is going to support which components of a program or project. Other agencies have accused the Bank of failing to inform them or to consult with them as it develops projects. More seriously, the Bank has also become involved in major disputes with other donors over how to advise governments on program strategy and organization. In Bangladesh, for example, the Bank, UNFPA, WHO, and AID have had continuing disagreements over the relationship between population and health programs. As a basic principle, international agencies agree that it should be up to the recipient governments to take the lead in making program decisions and coordinating the activities of external agencies.

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[57] By comparison, the Bank had committed a total of $398 million through the end of fiscal year 1980, of which only about $97 million had been disbursed.

But unless national officials are unusually strong and unified among themselves, friction among donors is likely to have adverse effects on program development—a situation which is injurious to the objectives of all the agencies involved, including the Bank.[58]

Conflict with other agencies raises serious issues for the Bank even where it prevails eventually; in fact, the Bank has often been the loser, as other donors have been in a more advantageous position to pursue their interests with recipient governments. Whereas the Bank is confined to extending loans and credits, other agencies—UNFPA, WHO, AID, and most bilateral and private donors—provide assistance to population programs in the form of grants with no obligation for repayment. These agencies follow their own versions of the project approach, which have many of the same disadvantages as the Bank's, but their procedures are in general far more flexible and allow a greater role for national program administrators. The Bank is the least willing of the donor agencies to provide general budgetary support, including support for local and operating costs. Moreover, because other donors are more decentralized administratively, they have been able, with the help of advisers and representatives stationed in the countries, to cultivate their own clientele among program administrators. The Bank, on the other hand, has found it difficult to gain acceptance with program administrators, whose cooperation is essential for developing and carrying out Bank-supported projects. In Malaysia, Egypt, and the Philippines, for example, the Bank has been largely confined to supporting health facilities while other agencies have been able to provide considerable support for technical assistance, program operations, and outreach activities intended to stimulate demand for family planning.

A certain amount of discord among international assistance agencies is an inevitable consequence of their different structures and procedures. An examination of the Bank's relations with each of the major donor agencies reveals, however, that discord in the population field is intensified because the Bank remains committed to a high level of independence and control, while at the same time the other agencies feel less inclined to cooperate with the Bank on its terms than they do in other development sectors.

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[58] See World Bank, "Aid Coordination and Co-Financing in the Population Sector: Summary of the Discussion at the Meeting of Population Donor Agencies, London, December 5-7, 1977" (Washington, D.C.: World Bank, 1978); U.S., Comptroller General, *Population Growth Problems in Developing Countries: Coordinated Assistance Essential* (Washington, D.C.: U.S. General Accounting Office, ID-78-54, 1978); and UNFPA, *Consultation on Population Assistance Coordination, Geneva, 15-16 March 1979* (New York: UNFPA, 1979).

The Bank and UNFPA. Tensions between the Bank and UNFPA first became apparent in a joint undertaking to assist family planning in Indonesia, which is not only one of the largest of the developing countries, but one whose government seemed intent on reducing fertility. The project was expected to become a model of inter-agency cooperation in the population field. In 1969, a joint mission with representatives from the United Nations, WHO, and the Bank went to Indonesia and made recommendations for expanding and upgrading the national family planning program. The government eventually requested assistance from both the Bank and UNFPA; in 1971, the two agencies agreed to finance a project jointly with the Indonesian government, pooling UNFPA's grant funds with an International Development Association credit from the Bank. Under the agreement, the Bank was to oversee the implementation. The Bank's officials saw the Indonesian project as an opportunity to "negotiate" its environment on terms favorable to the Bank; they expected to coordinate external population assistance as a natural extension of the role the Bank was already playing as chief development adviser in Indonesia. Officials of UNFPA, whose administrative capabilities were still limited, perceived this arrangement as a way of taking advantage of the Bank's general experience in project supervision and of its influence with the government.

Neither UNFPA nor the Bank was prepared, however, for the hostile response to their plan on the part of other donors. In particular, WHO, UNESCO, and the U.N. Population Division felt they had not been adequately consulted and accused UNFPA of allowing the Bank to take over responsibilities for technical assistance that rightfully belonged to them. Officials of the U.S. State Department and AID also reacted negatively to the proposed project; they felt that UNFPA, which had been created in response to American initiatives, should lead and coordinate the U.N. system's population assistance. The head of AID's Office of Population was the most vigorous opponent of associating UNFPA grants with Bank loans. Since AID was the largest single contributor to UNFPA, this attitude drove another wedge between the Fund and the Bank.

As a result of the problems with the Indonesian project, the two agencies agreed that they would not make another attempt at joint financing. In 1972, they tried "parallel financing" in Malaysia: the agencies undertook to support complementary activities and oversee project implementation jointly, but each was to retain control over its own funds and to support identifiable elements of the national program. In principle, this idea seemed very attractive; in practice, the

Bank and UNFPA have been unable to apply it successfully in subsequent projects in Malaysia or other countries. Until recently, the Bank had also hoped that its relationship with the U.N. Development Program could serve as a model for cooperation with UNFPA under an arrangement in which UNFPA would provide grant financing to cover technical assistance and other costs incurred by governments in preparing Bank projects; but this proposal has been rejected by UNFPA.

Since its first venture with the Bank in Indonesia, UNFPA's financial and technical resources have increased greatly, and its standing in the U.N. system has become secure. As a result, UNFPA sees less need to accommodate to the Bank. Furthermore, UNFPA has increasingly acquired organizational commitments of its own to client agencies in the developing countries and to a core technology for rendering assistance. Through the provision of "direct funding" to recipient governments, UNFPA has tried to move as far as possible toward a policy of allowing governments to determine for themselves how UNFPA money will be spent. UNFPA officials argue that if administrators of population programs have greater control over funds, they are likely to make better use of them. Seemingly with the Bank in mind, UNFPA Executive Director Rafael Salas has further asserted that UNFPA's approach to assistance ultimately makes its influence over national population policies and programs more effective: "Because of this fundamental demonstration of trust at the outset, we find as the relationship proceeds, that we can make suggestions on policy as interested friends, not as creditors."[59] Although it is not possible here to assess whether UNFPA's procedures as applied in practice have been more effective than the Bank's, it is clear that the difference in approach of the two organizations has been an important obstacle to cooperation.

The Bank and WHO. Of all the U.N. agencies, WHO was the one that felt most threatened by the Bank's entry into the population field; its officials feared that the Bank's involvement would undermine the central role in family planning that WHO had claimed for itself and its clients, the health ministries in developing countries.[60] In 1972, in an effort to establish a basis for cooperation, the Bank invited WHO to provide technical experts who would participate in several of the Bank's project preparation missions. However, the two agencies found it difficult to agree on the role of these experts as well as on which agency should provide technical assistance for administration and training. In the early 1970s, the Bank and WHO also discussed a Cooperative Agreement for the population sector along the lines established by the Bank with United Nations agencies in other sectors, but it has never materialized. Instead, WHO and the Bank agreed in 1973 to paper over their differences with a "memorandum of understanding" in which the Bank undertook to consult WHO in preparing population projects and to "respect WHO's judgment on health structures and needs." Notwithstanding this memorandum, the Bank and WHO have largely gone separate ways in the population field since then. WHO has felt little incentive to work with the Bank since it has had adequate financial support for its family planning activities from UNFPA and major donor governments. According to the Bank, a major impediment to cooperation with WHO has been WHO's need to involve its regional offices and field representatives in any consultations involving projects for individual countries. Bank officials regard this procedure as cumbersome and difficult to reconcile with the Bank's more centralized procedures.

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[59] Rafael M. Salas, Statement at the Australian Council for Overseas Aid Conference, Canberra, Australia, August 25, 1973.

[60] See Finkle and Crane (fn. 24).

The Bank and AID. Soon after the Bank entered the population field, as it was developing its first projects in Jamaica, Tunisia, and Indonesia, it began to receive criticism from AID for its failure to keep the latter adequately informed of its plans. Increasingly, AID identified the Bank as a threat to its own programs; by 1972, the head of AID's Office of Population, Dr. Reimert Ravenholt, launched what amounted to a campaign against the Bank in the population field. The central message of this campaign was that loans are inappropriate for population programs except where they are used to construct family planning clinics and other physical facilities. After a visit to Indonesia in 1972, Ravenholt circulated a memorandum within the donor community expressing his concern about inordinate delays in the implementation of the Bank/UNFPA project, which he attributed to the Bank's lending procedures. He recommended that the Bank "should be discouraged from interjecting its loans into the complex of grant funds now provided by other donors for family planning operations," and urged donors with funds for grants not to associate themselves with the Bank in joint projects in other countries.

Usually, organizations are extremely sensitive to inter-agency conflict, especially when the conflict threatens an important program of the organization. In this instance, however, the top management of the Bank did not seem to recognize the gravity of the Bank's difficulties with AID and the extent to which they would hinder the Bank's relations with UNFPA and its work in such countries as Indonesia, the Philippines, Kenya, and Bangladesh. President McNamara, rather than involving himself personally in direct overtures to high-level State Department and AID officials to work out a new framework for Bank-AID relations, left the task of dealing with AID to the Population Projects Department and the Central Projects Staff. They adopted a defensive posture, restating the financial justification for loans in the population field, and tried to convince AID and other donors that the Bank's project procedures were determined not by its need to have loans repaid, but by its experienced judgment that these procedures were necessary for effective development assistance.

Unswayed by these arguments, Ravenholt continued to express his objections to Bank loans in the population field. To his distress, however, AID itself decided in 1975 to provide some population assistance on a loan basis. By 1977, the AID population program was under new leadership, and AID had even agreed to co-finance the Bank's project in Thailand. Although these events led to a diminution of conflict, they did not signify a new era of cooperation. Key officials of the AID population program in Washington and in the field are still opposed in principle to loans for population programs and remain critical of the Bank's efforts. Bank officials reciprocate the criticism, and they continue to develop and implement projects, as in Egypt and Morocco, with only minimal consultations with AID.

Inter-agency relations and the Bank's organizational priorities. Little initiative for change in the Bank's inter-organizational relations has come from the population projects staff, whose members have been under pressure to carve out a significant niche for the Bank in the population field. Especially in the earlier years, when the PPD was a small new department, it was inclined to follow existing practices and precedents regarding the Bank's relations with other agencies. At the same time, those with formal responsibility for inter-agency cooperation in the External Relations Staff of the Bank have been too far removed from the operational level to appreciate the special problems encountered by PPD in working with other organizations on population programs. The president and other high-level officials have tended to become involved in inter-agency matters only sporadically—after crises have developed and the damage has already been done—as in the case of the Bank and UNFPA in Indonesia, or the conflict with AID over the grant-or-loan issue. The reluctance of the Bank to relinquish its independence and to establish new forms of inter-agency cooperation in the population field cannot be traced to any particular individuals or groups, however. Fundamentally, this reluctance is an outgrowth of the Bank's organizational commitments to its special relationships with its clients and its project procedures.

From the Bank's perspective, the quality of its "development dialogue" with borrowing countries depends on its ability to gain access to high-level decision makers and on whether both parties feel free to express their views openly and honestly. A successful dialogue, as seen by the Bank, presupposes a degree of exclusivity in which the confidential quality of the exchange will be respected by both parties. In order to foster and protect their special relationship with a borrower, Bank officials often try to limit the number of participants in discussions with the government involved, and restrict the dissemination of relevant information and documents, even at the risk of incurring the resentment of other donors.

The case for exclusivity in the Bank's relationship with senior government officials is strengthened by the acceptance of this arrangement on the part of the affected ministries of finance and planning. They regard Bank-financed projects as contributing to their control and influence over other domestic agencies and as providing them with a basis for resisting interventions by other international agencies. Because of their governments' obligation to repay loans, finance and planning ministries have greater power, both legally and politically, to supervise the use of borrowed funds than to supervise grants. (The latter may in effect be channeled directly to program administrators in the technical ministries.) The Bank is thus responding to its clients' interests as well as its own when it attempts to acquire a leadership role among international agencies and to induce them to participate in its projects.

The Bank's inter-organizational relations in the population field are also explained partly by its commitment to its project procedures. Bank officials object to yielding to others the initiative for programming and managing assistance. They maintain that other agencies, especially in the U.N. system, are excessively subject to the whims of program administrators; they criticize them for taking a "shopping list" approach in allocating assistance, and for being incapable of applying financial "discipline." On those occasions when the Bank invites other agencies to provide experts to participate in its missions, it prefers to utilize them, as it does private consultants, in an individual technical capacity. The Bank sets the terms of reference for the missions, prepares the final reports, and handles communications with the client governments. The lengthy process of preparing projects, as well as the Bank's centralized structure, prevent Bank officials from working smoothly with other donors who are accustomed to making decisions more rapidly or with greater involvement of field staff. But these procedures are not the only source of differences with other donors; the Bank's objective of designing comprehensive projects—whether or not all of the components are to be financed by the Bank—also increases the potential for jurisdictional differences.

The need to avoid conflicts with other agencies should provide an incentive for the Bank to seek a new basis for cooperation; to put it more positively, the Bank's population objectives would be greatly facilitated if its assistance were more complementary to that of other agencies, and if it could better utilize the knowledge and contacts of their technical experts and field staff. In order to gain these benefits, however, the Bank may have to show a willingness, in exchange, to keep other agencies better informed about its consultations with governments, to give more serious consideration to other agencies' judgments regarding program needs and priorities, and to blend its resources with theirs in a more flexible fashion—in short, to relax its commitments to its clients and its project procedures, and, above all, its insistence on being the dominant partner in joint endeavors with other agencies.

THE ORGANIZATION'S RESPONSE TO PERFORMANCE FAILURES:

THE BANK'S DECISION TO REORGANIZE THE POPULATION PROGRAM

When an organization recognizes failures in a program, its first reaction often is to assert that these failures are due to circumstances beyond its control. Yet failures cannot continue for very long without pressure building from within to do something about them. This pressure is especially likely to develop in an organization which, like the World Bank, sets high standards for itself and which seeks to be recognized by its constituencies as better than other organizations with similar goals. If program failures are perceived as threatening its future survival and growth, an organization may feel compelled to make basic changes in its way of doing things. However, if an organization regards its commitments to existing priorities and procedures as more important, it is likely to make changes in the program itself and in its objectives—a process that appears to be taking place in the Bank.

Even though they may disagree about the causes, Bank officials are acutely aware that the Bank's population program has not fulfilled their expectations or those of its various constituencies. In accounting for these failures, the Bank emphasizes that any program intended to assist developing countries with population control encounters political, cultural, and technological obstacles that are often insurmountable. This analysis, in effect, has stressed the liabilities inherent in the Bank's own organizational priorities and procedures—not because they are more serious obstacles, but because they are susceptible to change by direct action of the Bank. While the Bank has shown no inclination to make basic changes, it has taken some modest steps to improve its performance; they include greater attention to population programs in the Bank's statements and reports aimed at policy makers; seminars on population for economists in the regional offices; somewhat greater flexibility in its project procedures; and more frequent contacts with other agencies.

The major response by the Bank to problems in its population program has been its decision, in 1979, to begin lending directly for health services and to merge the Population Projects Department into a new Population, Health, and Nutrition Department. Bank officials contend that this new lending policy will make it easier than before to begin assistance for family planning in those countries which, for political reasons, will only accept it as a component of a "health" project. In the majority of demographically significant countries, however, where this inhibition is not a problem, there is a danger that the Bank's decision to merge population programs with health and nutrition will not help, but will actually hinder its population objectives. When the Bank was making population loans that included assistance to health systems, it was more or less clear to both the Bank and the borrowers that the primary purpose was demographic. Now that the Bank is prepared to make loans for health and nutrition—with population but one component—it will be measuring both its own and its borrowers' performance in relation to a more diffuse combination of demographic, health, and nutrition objectives. The administrative merger of lending programs in the health and population fields may also make it more difficult than previously for the Bank's population staff to promote nonclinical approaches to family planning and to build bridges between population and other development sectors. Equally important, population and family planning activities will be forced to compete directly with health programs for the resources and manpower of the Bank.

In this competition, it is probable that health will dominate, as lending for health programs is more compatible with the Bank's existing organizational commitments for several reasons. First, for the Bank's clients, health projects with or without family planning elements have broader political appeal and can absorb larger quantities of capital and foreign exchange. Second, health activities are also more consistent than family planning with the Bank's project procedures: the technology involved in preventive and curative health care is better understood; changes in fundamental values are not as much at stake; physical facilities and equipment play a more central role; and the health sector is organizationally more self-contained. Finally, because there are greater opportunities for assistance in the health sector, the Bank is likely to experience less competition with other donor agencies. With its greater resources for health infrastructure, the Bank may be in a better position to induce these agencies to cooperate on its own terms.

The foregoing observations about the recent reorganization are not meant to imply that the Bank should have stayed out of the health sector; lending for health programs has a strong justification of its own. Rather, they underscore the greater difficulty that the Bank may encounter in pursuing its population objectives in developing countries unless it creates internal structures and procedures aimed at ensuring a prominent place on its agenda for population programs. They also point to the need for the Bank to conduct further policy research in order to determine the optimal relationships between population and health activities in national programs.

Conclusion

Regardless of how the Bank organizes its lending operations in health and population and how successful it is in increasing the number of loans that have family planning components, basic organizational impediments to the Bank's effectiveness in the population field still remain: its commitments to its project procedures and to its existing patterns of relations with clients and other donor agencies. This conclusion raises the question of whether the Bank should continue to lend for national population programs at all. For some members of the international development community, the answer is clear: even though the Bank is limited by its organizational commitments, the relation of population programs to the Bank's other development policies demands that it do whatever it can within this framework. For others, this answer is not enough; they feel that the Bank must try to make substantial changes in its organizational priorities and procedures in order to improve its performance not only in the population field, but in other social sectors as well. The present analysis has highlighted several possible directions for change, among them the need for the Bank to develop a competent field staff and decentralize more of its operations; to make nonproject or sector loans; and to develop better relations with other development assistance agencies.

Beyond these policy prescriptions, we have attempted to demonstrate the utility of analyzing an organization's behavior and performance within the framework of its basic commitments. Organizational commitments can be identified empirically; they are likely to be found in the organization's policies and practices affecting relations with its clients, with other organizations having similar goals, or with other centers of power in its environment. They are also likely to be found in the technologies or procedures commonly used by the organization to translate its resources into various products. But the concept of commitment implies more than simply a repetitive pattern of action; these patterns must be highly valued in the minds of participants in the organization and must constitute significant constraints on future actions of the organization. Because organizations are seldom monolithic, it is essential to determine the extent to which important individuals and groups in the organization are in agreement on the commitments of the organization, and how intensely they adhere to them. Any predictions of the future behavior of the organization also depend on an assessment of its relations with its key external constituents or "owners," who provide it with the legal authority and resources required for its survival and growth: to what extent do they share the organization's commitments? This last question is particularly salient for international organizations. Although they are often portrayed merely as tools of their member-governments, the relationships between international organizations and their diverse constituencies in member-states are extremely complex.

Changes in the Bank's approach to population and other social sectors clearly depend on whether the top management is in a position to gain the support or acquiescence of the Bank's main constituencies in Western governments and capital markets. Bank officials often object to making changes in existing policies and practices on the grounds that they would reduce confidence in the Bank among those who supply the Bank's capital. To the extent that this is the authentic judgment of the top management of the Bank, it may well be that the Bank is seriously underestimating its own influence. Compared with the executive leadership of other international organizations, the Bank's president and his staff have demonstrated that they have considerable freedom to propose and implement reforms in policies, structures, and procedures. Their latitude has grown as members of the Board of Executive Directors and other constituencies in donor governments have come to appreciate the complexity of the development process and the need for the Bank to broaden the scope of its operations. Although Bank officials suggest that the major donors would not tolerate a reorientation, the evidence is strong that resistance to changes in commitments has come mainly from within the organization. These changes are unlikely to occur until the top management of the Bank itself becomes convinced that they are desirable.

APPENDIX

PROFILE OF THE WORLD BANK'S POPULATION LENDING PROGRAM 1970–1980

	Size of Population as of Mid-1978[a] *(in Millions)*	*Government Position on Population Growth and Family Planning*[b] *(Category and Year Adopted)*	*Fiscal Year in Which Project Agreements Signed*	*Total Amount of Bank Loans or IDA Credits (in Millions of U.S. Dollars)*
KEY COUNTRIES				
India	644	A 1952	1972, 1980	$66.2
Indonesia	136	A 1968	1972, 1977, 1980	72.7
Brazil	120	B 1974	—	—
Bangladesh	85	A 1971	1975, 1979	47.0
Nigeria	81	B 1970	—	—
Pakistan	77	A 1960	—	—
Mexico	65	A 1974	—	—
Vietnam	52	A 1977	—	—
Philippines	46	A 1970	1975, 1979	65.0
Thailand	45	A 1970	1978	30.0
Turkey	43	A 1965	—	—
Egypt	40	A 1965	1974, 1979	30.0
Korea, Republic of	37	A 1961	1980	30.0
Iran[c]	36	A 1967	—	—
Burma	32	C	—	—
Ethiopia	31	C	—	—
Zaire	27	B 1973	—	—
Colombia	26	A 1970	—	—

APPENDIX (Continued)

	Size of Population as of Mid-1978[a] *(in Millions)*	*Government Position on Population Growth and Family Planning*[b] *(Category and Year Adopted)*	*Fiscal Year in Which Project Agreements Signed*	*Total Amount of Bank Loans or IDA Credits (in Millions of U.S. Dollars)*
OTHER COUNTRIES				
Kenya	15	A 1966	1974	$12.0
Malaysia	13	A 1966	1973, 1979	22.0
Tunisia	6	A 1964	1971	4.8
Dominican Republic	5	A 1968	1977	5.0
Jamaica	2	A 1966	1970, 1976	8.8
Trinidad and Tobago	1	A 1967	1971	3.0

[a] World Bank, *World Development Report 1980* (Washington, D.C.: The World Bank, 1980), 110-111.

[b] Category A indicates a government has an official policy to reduce the population growth rate; category B indicates a government provides official support for family planning activities for other than demographic reasons; and category C indicates the government has a neutral or pronatalist population policy and provides no support for family planning activities. This classification of government positions as of 1979 and the years they were adopted was made by Dorothy L. Nortman and Ellen Hofstatter, *Population and Family Planning Programs*, 10th ed. (New York: The Population Council, 1980), 18-29.

[c] A project agreement signed with Iran in 1973 for a Bank loan of $16.5 million was cancelled in 1975.

Representative LEVIN. Let me make a change in procedure. Representative Scheuer is tied up unexpectedly in a markup, and it is a markup that is not only unexpected but is thornier than was contemplated. He not only wanted to be here throughout this presentation, but especially for some Q and A. So if it is agreeable for you to stay a bit, let us ask Ambassador Green and Michael Teitelbaum to join you at the table and enter their statements into the record, and also Mr. Michael Piore of MIT. Why do you not provide statements for the record. In each case, any prepared statements will be entered fully into the record. Hopefully, by the time you have finished, the chairman of the subcommittee will have returned.

As I mentioned, I think all three of you were here when I did so, there may be a foreign aid bill on the floor, and especially discussion on the floor of issues relating to population. Though members of the subcommittee are not here and members of the full committee are not here to hear your testimony, it will have, I think, some particular utility during this time in the consideration of population and family planning.

Ambassador Marshall Green truly is so well known that I do not need to say anything more presently than to say he is a consultant to the State Department on issues relating to population. He has been one of the pioneers.

Ambassador Green, that is just a 15-minute warning. There is a slight chance that we will have a rollcall shortly after noon. I think it is slight. Let us see if we can finish the testimony. If there is a rollcall, I will have to leave about 10 after 12. That gives us about 25 minutes to finish the testimony and then go to Q and A.

Ambassador Marshall Green.

STATEMENT OF HON. MARSHALL GREEN, FORMER AMBASSADOR TO AUSTRALIA AND CONSULTANT TO THE STATE DEPARTMENT, SPEAKING ON BEHALF OF THE POPULATION CRISIS COMMITTEE

Mr. GREEN. Congressman Levin, I would like to shorten this up as much as possible. And since you already have a copy of my full prepared statement, I only want to refer to two sections of it.

The emphasis of my testimony, at the request of the chairman, is the impact of high population growth on the stability of nations and how this affects all nations importantly, including the United States.

Now, in my prepared statement I discuss at some length the problem of unemployment and social unrest. This is critical, central. I think it is well known, and I will therefore skip over it and move directly to the problem of overcrowded cities.

In my conversations with leaders throughout the world—and I have talked with many of them over the last several years—I found that there is increasing concern with regard to the problem of overcrowded cities because it spells unrest and potential upheaval, which directly affects the fate of leaders.

Nowhere are the dangers of social and political consequences more obvious than the mass movement of people from overcrowded rural areas into already overcrowded cities. Cities in the developing world are doubling in population about every 10 to 20 years, and the slums in these cities are doubling in population at about twice that speed.

These slums contain many young men seeking jobs, often in vain, living in appalling conditions, in visible proximity to the high-rises and boulevards and well-stocked stores of the privileged few. This generates feelings of desire and envy that cannot be satisfied. In the rural areas everybody is poor. In the cities it is very different. Poverty in the rural areas is best described as the possession of little, and in cities as the nonpossession of much.

Moreover, flowing into these cities today are people of different races and religions and languages. The process often throws diverse ethnic and religious groups into close proximity, and in competition for scarce jobs. Parental guidanace is breaking down. Many children are abandoned—over 20 million in Brazil alone—according to the New York Times. Some children take to the streets where they are proselytized by extremist groups. My last conversation with President Sadat of Egypt related to his concerns on this subject; and he was dead within 3 months of that conversation, killed by members of an extremist group.

Overcrowded Tehran was cited by the George Ball Commission in its report to the President in 1979 as one of three basic factors underlying the recent upheaval in Iran.

Nearly all the developing countries in which the United States has vital security interests have serious population growth problems. This includes Korea, the Philippines, Indonesia, Pakistan, Turkey, Egypt, Morocco, Kenya, Nigeria, Brazil, Mexico, and almost all the countries to the south of our borders.

To the extent that the population growth in those countries contributes to the frustrated development, social unrest, urban violence, turbulence, and difficulties in maintaining order and stability, the interest of the United States and its friends and allies is engaged.

The greatest danger looming over the world is generally regarded as being the nuclear bomb. Without minimizing the gravity of that threat, I would suggest an equally grave danger is a world in a state of disintegration and growing chaos, and certainly in that kind of world nuclear proliferation, which I fear is inevitable, takes on horrendous proportions.

The leaders of the developing world are increasingly aware of these issues, but, despite that awareness, they are often lacking in decisiveness, or resources or the support necessary for getting ahead with sound programs. They are also up against the forces of traditionalism and the influences of competitive politics. Moreover, leaders everywhere, in giving immediate attention to immediate problems, tend to neglect long-range issues, and no issue is longer range, though at the same time more urgent, than excessive population growth.

I will end my testimony by stressing that I do not care to dwell on the dangers that lie ahead. I prefer to talk about corrective action. Unfortunately, my time is up, but I would hope that the question period will focus on things that we can do that we are not doing, which would help to accelerate effective action. Thank you, Congressman.

[The prepared statement of Mr. Green follows:]

PREPARED STATEMENT OF HON. MARSHALL GREEN

Mr. Chairman:

My concern with population issues derives from a career in the American Foreign Service with many assignments in Asia where excessive population growth has long been recognized as the most serious long-term problem confronting Asians. I accordingly resigned in 1975 as American Ambassador to Australia to become the State Department's first Coordinator of Population Affairs and Chairman of the Interagency Task Force on World Population Issues (under the National Security Council), as well as Chairman of the U.S. Delegation to the UN Population Commission in 1977 and 1979.

Upon reaching the mandatory retirement age in 1979, I left the State Department to devote my remaining years to population issues as a volunteer working with the Population Crisis Committee.

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The world faces a veritable explosion of people in the developing or poorer nations due to a precipitous drop in death rates in those nations, unmatched by a drop in birth rates. As a result, world population will have quadrupled in the course of the 20th century; and although there has been a recent slow-down in annual growth rates in most developing countries, the additional numbers of inhabitants of our planet continue to rise each year from over 80 million today to some 100 million additional people per year at the beginning of the 21st century.

It would be difficult to exaggerate the far-reaching adverse consequences of this exponential population growth.

It contributes to food scarcities, to low health and nutrition standards, to serious constraints on economic and social development, to erosion and desertification, to widespread unemployment, underemployment and landlessness and to forced migrations of masses of people, most of them to already overcrowded cities but many of them across international borders, usually as illegal migrants.

Responsive to your request, I will focus at today's hearings on one aspect of the population problem that has often been overlooked, possibly because it is so difficult to analyze or quantify. I refer to the impact of high population growth on the political stability of nations and on how this affects all nations, importantly including the United States.

Unemployment And Social Unrest

During the next 25 years, working-age populations in the developing world will more than double. During the same period the socially and politically volatile, unemployment-stricken age group of 15-24 years is projected to grow almost as rapidly, even with the built-in assumption of moderately decreasing fertility.

Unemployment, particularly of young people, is already an immense problem in the developing world.

Prospects for alleviating the problem are not bright, given the fact that in many parts of the developing world, land-holdings are already so fragmented that people are being forced off the farms and are seeking employment in cities. Typically, 600 people a day are migrating to Bombay and an equal number to Cairo.

Here I wish to enter a note of caution with regard to what advanced technologies can do to alleviate unemployment. They can, in fact, aggravate the problem. The appearance of rice mills in Indonesia during the period 1971-73 displaced 373,000 hand-pounders of rice and gave employment to only 5,000 mill workers.

Nor can modern industry supply the answer. In the Philippines, for example, during a period of considerable industrial expansion, 1955-1975, the proportion of the labor force engaged in manufacturing actually fell from 13% to 10%.

Unfortunately, the labor supply situation is virtually irreversible in this century. Vast numbers of potential job seekers are already born -- far in excess of the additional number of jobs likely to be available. This is certain to breed discontent, frustration and unrest. High population growth and resulting unemployment were specifically cited by our Embassy in San Salvador (in a telegram to Washington dated January 29, 1976) as portending "an increase in lawlessness, unrest and social upheaval that could create conditions conducive to a severe authoritarian government of extreme left or right." How prophetic!

Overcrowded Cities

Nowhere are the dangerous socio-political consequences of over-population more manifest than in the massive flow of people from rural to urban areas. Cities in the developing world are doubling in population every decade or two, with their slum areas doubling in about half that time. These slums contain a lot of young men seeking jobs, often in vain, living in appalling conditions in visible proximity to the mansions and high rises of the privileged few. For the first time they begin to see and want things they cannot have.

Moreover, flowing into many LDC cities today are people of different races, religions and languages. The process often throws diverse ethnic and religious groups into unaccustomed proximity and competition for jobs. Parental guidance is breaking down. Many children are abandoned (over 20 million in Brazil alone according to the New York Times on October 21, 1983). Some children take to the streets where they are proselytized by extremist groups. My last conversation with President Sadat of Egypt related to his concerns on this subject.

Overcrowded Tehran was cited by the George Ball Commission in its report to the President in 1979 as one of three basic factors underlying the recent upheaval in Iran.

With already overcrowded cities likely to double in population before the year 2000, the stage is being set for ever higher levels of instability and turbulence, with worldwide ramifications.

I do not wish to leave the impression, however, that I believe that all LDC cities are tinderboxes. Where there are tight controls as in China, or fatalism as in India, or adequate alleviating measures there or elsewhere, explosive conditions can probably be avoided. But the potential for violence, terrorism and upheaval in many burgeoning cities is nevertheless painfully real.

Large-Scale Migration Across Borders

High population growth often helps generate large-scale movements of emigrants and refugees, movements that may give rise to international stress and strife. Examples include repeated incidents on India's borders; recent refugee flows from Indo-China; the movement of Palestinians and others within the Middle East; and the 1969 migration from overcrowded El Salvador that touched off conflict with Honduras.

Migratory movements are also of interest to the security of nations when they strain the absorptive capacity of recipient nations. Migrants can become unwelcome competitors for scarce jobs, overtax public services, contribute to communal strife. Sometimes they become part of large pre-existing unassimilated groups and thus upset ethnic balances.

Emigrant and refugee movements are as old as the history of human settlements. What is new is the immense number of people involved and the growing unwillingness of countries to receive them, as reflected in ever tighter immigration policies and in moves to expel foreign workers. Even the U.S., which has been receiving for permanent residence every year more immigrants than all the other countries of the world combined, is now beginning to give long overdue attention to illegal immigration. Corrective measures will be anguishing, both internally and with Mexico, and may be a serious distraction for the U.S. in carrying out its global responsibilities.

Impact on the Strategic Interests of the U.S., Its Allies and Friends

Nearly all the developing countries in which the U.S. has vital security interests have serious population growth problems.

This includes Korea, the Philippines, Indonesia, Pakistan, Turkey, Egypt, Morocco, Kenya, Nigeria, Brazil, Mexico and almost all the countries of Central America and the Caribbean.

To the extent population growth in those countries contributes to frustrated development, social unrest, urban violence and turbulence, and/or difficulties in governance and maintaining order and stability, to that extent the interests of the United States and its friends and allies are deeply engaged.

The greatest danger looming over the world is usually seen as nuclear war. Without minimizing the gravity of that threat, I would suggest that an equally grave danger is a world in a state of disintegration and growing chaos. Certainly in that kind of world, nuclear proliferation (which I fear is inevitable) takes on horrendous proportions.

We must address the conditions in the developing world that bring about conflict and war. This prominently includes focusing our efforts, more than we have, on helping nations in their programs to cope with excessive population growth.

Here we are not dealing with leaders in the developing world who are opposed to population programs.

Most leaders - especially those of important nations - are only too keenly aware of the problems of overpopulation. You, Mr. Chairman, can well attest to that fact in your capacity as Chairman of the Executive Committee of the Global Committee of Parliamentarians on Population and Development. But leaders, despite their awareness of the need for action, are often lacking in the decisiveness or the resources or the support necessary for getting ahead with sound programs.

They are also up against the forces of traditionalism and the influences of competitive politics. Moreover, leaders everywhere, in giving immediate attention to immediate problems, tend to neglect longer-range issues; and no issue is longer range - though also at the same time urgent - than population growth.

Thus leaders of the developing world need all the encouragement and help we can give them in their efforts to cope humanely with population problems. In this situation it is most important that developed nations' leaders, including the President of the United Sates, show interest in the population problems of developing nations and that they find suitable occasions (e.g., during State visits) to offer encouragement and support to friendly leaders in carrying out their population programs. In this connection, I think it timely to express the hope that the United States will have as effective representation at the World Population Conference in Mexico City this August as it had at the Bucharest Conference a decade ago. It was there that virtually all the nations of the world for the first time agreed by consensus on the need for comprehensive measures, including family planning, for coping with overpopulation.

Representative LEVIN. Thank you, Ambassador Green.

Next is Mr. Michael Teitelbaum, who is program officer of the Alfred P. Sloan Foundation, and was the staff director for the Select Committee on Population.

Welcome back to Congress.

STATEMENT OF MICHAEL S. TEITELBAUM, PROGRAM OFFICER, ALFRED P. SLOAN FOUNDATION, NEW YORK, N.Y.

Mr. TEITELBAUM. Thank you, Congressman. It is nice to be back on the Hill. I have not been here in a good while.

I have been asked to discuss a different subject than has been discussed so far today: The links between immigration to the United States and U.S. economic policy, especially as such policy affects the major sending countries.

You will recognize that one of the most attractive suggestions for restraining international migration flow has involved the deliberate allocation of international assistance, trade, and investment preferences toward the major source countries of international migrants. The goals of these proposals are explicit. They are to accelerate the job creation that is necessary to meet rapidly growing populations—and you have heard about that from several witnesses already—while at the same time raising income so as to reduce the large economic incentives for outward migration.

This approach has several attractions to many, including myself. First, the approach seeks to deal with the problem of international migration—if you view it as a problem—at its source rather than as merely a symptom.

Second, the approach is intrinsically humanitarian, because it seeks to further the well-being of poor people in poor countries.

Third, it is politically attractive to those who oppose direct controls upon immigration, or to those who prefer to avoid the political choices involved in such measures.

Let me say at the outset that I am a longtime supporter of generous and increasing foreign assistance and of sensible trade and investment policies, and I will have some comments on those.

But having been asked to review the literature on these relationships—which I would interject here is a sparse literature—my conclusions are not all that optimistic.

First, with regard to international assistance, it seems clear from the available evidence that the reallocation of foreign assistance toward the major source countries of international migrants is an uncertain way to go in order to restrain international migration, and that its effects, if any, would be restricted to the very long term.

We have already heard about the uncertainties of the development process, and we understand that the process is itself hostage to the intentions and the competencies of government elites in receiving countries. So-called donor states do not have a free hand, even if they had ultimate wisdom—which they do not—in promoting job generation, equalizing income distributions, or reducing corruption in receiving countries.

Of course, in the very long term, if rapid population growth rates were to decline in part as a result of this kind of foreign assistance—

and we have had testimony about that, and it can be effective as we have heard—this would contribute to a reduction in the pressures for outmigration, other things being equal. But the lags here are very long indeed. Let me echo Mr. Demeny's comments in a different way. We have several decades lag for fertility decline itself to occur; we have additional decades for the powerful momentum of population growth to work itself out; and then a further two decades for the effects to be felt in less rapid growth of the labor force.

A second problem with the arguments on foreign assistance is there is doubt even about the "direction" of the effect. Even if foreign assistance were to be effective in the short to medium term in facilitating rapid economic development, the direction of the effect, which intuitively should be to reduce outmigration, may not be what is expected. Most of the evidence I have reviewed suggests that successful development efforts initially serve to "increase" the pressures for both internal and international migration, which in many cases are related to one another. And the migration-restraining effects, if any, follow only substantially later in the development process.

Third, there are ethical problems in reallocating resources toward the major source countries of international migrants. These countries tend to be the middle-income and newly industrializing countries of the world, and not the "poorest of the poor" countries to which American foreign assistance has been allocated disproportionately for the past decade or so. I think there would be problems of an ethical and political sort if resources were to be removed from the poorest countries and reallocated toward the middle-income countries.

My conclusion on foreign assistance is that there are many very good reasons for greater attention to the adequacy of foreign assistance. The good reasons are humanitarian; they are strategic; and they are economic. But restraining large-scale outmigration this century does not appear to be one of them.

With regard to trade preference, it has been proposed, for example, that employment could be stimulated in the primary source countries of migrants by reducing U.S. tariff barriers for products from certain regions—here the Caribbean Basin initiative is a good example—or by generalized tariff reductions for all products, or perhaps only labor-intensive products, from all developing countries; or by eliminating nontariff barriers, such as orderly marketing arrangements; or even by the formation of regional trading blocs or common markets.

Here, in the center of politics in the United States, I am not revealing any secrets when I say that the political reality is that most tariff and nontariff barriers have been erected to protect entrenched domestic economic and political interests. Here I would include management, and labor, and regional interests. So proposals to reduce or eliminate such protections can be expected to run afoul of powerful organized groups with strong economic incentives.

Finally, with respect to oversea investment, the stimulation of direct foreign investment in sending countries has also been proposed as an effective means of generating employment and thereby restraining outmigration.

Now, these investments surely provide jobs, but their overall effects on employment apparently are uncertain. For example, such investments may displace local investments, and such investments may, and often do, focus upon capital-intensive technologies rather than upon labor-intensive industries that are needed to meet local needs. Indeed, foreign investments in labor-intensive, low-wage sectors, such as cash crop agriculture, are often seen and criticized as multinational "exploitation." In summary, the analyses I have seen on this subject see the effects of foreign investment upon employment prospects as an unsettled question.

To summarize, Congressman, because I know my time is limited, such evidence as there is on these relations illustrates the need for caution in evaluating arguments that foreign assistance or trade or investment policies can be effectively employed as principal foreign policy tools to affect international migration trends. The typical characterizations in the literature are words such as "uncertain," "unsettled," "indirect and not necessarily significant," "doubt," "not clear," et cetera.

There is surprising agreement on only one point—that the short-term effects of successful development efforts are, if anything, to accelerate outmigration, and that the migration-restraining effects, if any, occur only in the long term. I would add to that conclusion that in that long term, without genuine development all bets are off with respect to international migration.

To my knowledge, no responsible analyst has recommended aid, trade, and investment policies as promising instruments aimed at affecting immigration trends over the remainder of this century. The only advocates of such measures I have been able to find have either not reviewed the available evidence, or are aware of it but choose to advocate such measures as alternatives to other immigration policies they oppose. Thank you for your attention.

[The prepared statement of Mr. Teitelbaum follows:]

PREPARED STATEMENT OF MICHAEL S. TEITELBAUM

IMMIGRATION AND U.S. ECONOMIC POLICY

Mr. Chairman, Members of the Joint Economic Committee, Ladies and Gentlemen:

I am Michael S. Teitelbaum, Program Officer at the Alfred P. Sloan Foundation. By profession I am a demographer; in the past I have served on the faculties of Oxford University and Princeton University, and from 1978 to 1980 as Staff Director of the Select Committee on Population, U. S. House of Representatives. I am testifying at the invitation of this Committee and in my personal capacity.

I have been asked to discuss the links between immigration to the United States and U. S. economic policy, especially as it affects the major sending countries. One of the most attractive and popular suggestions for restraining international migration has involved the deliberate allocation of American international assistance, trade and investment preferences toward these sending countries. The explicit goals are to accelerate job creation to meet their rapidly increasing labor forces, while at the same time raising incomes so as to reduce the economic incentives for outward migration.

Such an approach has several attractions. First, it seeks to deal with the problem "at its source", rather than as merely a symptom. Second, it is intrinsically humanitarian, as it seeks to further the wellbeing of poor people in developing nations. And third, it is politically attractive to those who oppose direct controls upon immigration, or who would prefer to avoid the difficult political choices involved in such measures.

At the request of this Committee, I have reviewed the available literature, which I found to be remarkably sparse for such an important subject. The following can be reported to you:

International Assistance:

Impact Uncertain and Restricted to the Long-term: There is truly serious doubt as to whether proposals to direct foreign assistance so as to reduce pressures for outmigration would have any substantial effect of the type promised, and if so in any timeframe other than the very long term. As everyone who has worked in the development field knows, economic and social development is a very slow and uncertain effort, with effects measured over the quinquennia and decades rather than the months and years. Development assistance is also hostage to the intentions and competencies of governing elites in receiving countries; without the active cooperation of such elites, "donors" can do little to promote job generation, equalize income distributions or reduce corruption in receiving countries.[1] There is some possibility of a "demonstration effect," in which successful assistance efforts come to be emulated by domestic planners, but this too depends upon support from governing elites.

Of course, in the very long term reduction of rapid population growth rates, sometimes with the assistance of international and bilateral aid agencies, may contribute to a reduction in outmigration pressures, but the lags here are very long indeed --- several decades for the fertility decline itself, additional decades for the powerful momentum of population growth to work itself out, and then a further two decades for the effects to be felt in less rapid growth of the labor force.

Doubt about direction of effect: Even if foreign assistance were to be effective in facilitating rapid economic development, the very direction of the effect of such development upon outmigration forces is quite uncertain. Although it seems counterintuitive at first glance, most evidence suggests that the successful development initially serves to increase the pressures for both internal and international migration (which in many settings appear to be linked to one another), and that the migration-restraining effects, if any, follow only substantially later in the development process. An USAID economist recently published the discouraging empirical conclusion

> that some of the major sources of legal U.S. immigrants e.g., India, Korea, Taiwan, and the Philippines) have over the years been among the largest recipients of U.S. foreign assistance. The social, commercial and political ties that accompany foreign assistance may result in increased motivations to migrate to the U.S. which offset, and probably precede, the migration reducing impacts.[2]

Weintraub reviews the available literature and reaches a similar conclusion:

> There is an obvious difference between the effects on migration in the short and long run from increased job opportunities and higher incomes. In the short run, higher incomes are likely to lead to increased outmigration. There should be a time in the long run when higher incomes will induce people to stay at home. When and if this time comes will depend on the extent of development and the domestic job and advancement opportunities that are created. Increased incomes in Mexico since World War II have not yet eased pressures to migrate to the United States. [3]

Ethical issues of allocation: While proposals to direct increased foreign assistance to immigrant-producing developing countries do have attractive humanitarian qualities, there are also concerns about them that derive from equally humanitarian instincts. In particular, the proposals run counter to another important humanitarian principle that has deeply influenced American foreign assistance policy in recent years -- that aid should be focussed on the "poorest of the poor", and that "middle income" or "newly industrializing" nations should be graduated out of such assistance.

One of the characteristics of international migration that is most surprising to those coming anew to the subject is that migration comes most typically not from the poorest of the poor, moving in desperate search for means of survival. To the contrary, the typical migrant to industrialized countries is from the better-off (though non-elite) sectors of middle-income and often rapidly-developing countries. Hence relatively well-off developing countries such as Mexico, Colombia, Cuba, Taiwan, South Korea, and Philippines are prominent source countries for migrants to the United States, while migration streams (if any) from the poorest countries such as Bangladesh, India, Pakistan, Ghana, Sierra Leone, Chad and Sudan tend to be principally toward better-off developing countries, especially those with oil resources such as Saudi Arabia, the Gulf States, Venezuela and Nigeria. [See Table 1]

Hence if foreign economic assistance were to be focussed upon the principal source countries of immigration to the United States, this would tend to redirect such resources toward middle-income countries, and away from the poorest --- a decision that would disturb many who support foreign assistance for humanitarian reasons.

TABLE 1: Data on illustrative list of migration source countries

Illustrative Migration Source Countries	Population mid-1981 (millions)	GNP per Capita		Adult literacy (%) 1980	Life expectancy at birth 1981
		Dollars, 1981	Average annual growth (%) 1960-81		
(1) Primarily to U.S.					
Mexico	71.2	2,250	3.8	83	66 years
Taiwan*	17.0	1,400	5.5	82	--
Cuba	9.7	--	--	95	73 "
South Korea	38.9	1,700	6.9	93	66 "
Philippines	49.6	790	2.8	75	63 "
Dominican Rep.	5.6	1,260	3.3	67	62 "
Jamaica	2.2	1,180	0.8	90	71 "
(2) Primarily to other developing countries					
Bangladesh	90.7	140	0.3	26	48 "
Pakistan	84.5	350	2.8	24	50 "
Chad	4.5	110	-2.2	15	43 "
Mali	6.9	190	1.3	10	45 "
Ghana	11.8	400	-1.1	--	54 "
Sierra Leone	3.6	320	0.4	15	47 "
Sudan	19.2	380	-0.3	32	47 "
3) To both U.S. and other developing countries					
Colombia	26.4	1,380	3.2	81	63 "
Haiti	5.1	300	0.5	23	54 "
El Salvador	4.7	650	1.5	62	63 "
India	690.2	260	1.4	36	52 "

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* Data for Taiwan are for 1978 and 1970-78.

-- Data unavailable

SOURCE: International Bank for Reconstruction and Development/World Bank, *World Development Report 1983* (New York and Oxford: Oxford University Press, 1983), Table 1. For Taiwan, see footnote 6, Table III.

My conclusion: There are many good reasons --- humanitarian, strategic and economic --- for greater attention to the adequacy of foreign assistance. But restraining largescale out-migration this century does not appear to be one of them.

Trade Preferences:

Relaxation of trade restrictions on the products of sending countries has also been proposed as a measure aimed at stimulating employment in those countries and thereby restraining outmigration to the United States. Proposed measures have included:

- reduction of U.S. tariff barriers for products from certain regions (e.g. the Caribbean Basin Initiative);
- generalized tariff reductions for all products (or only labor-intensive products) from all developing countries;
- elimination of non-tariff barriers (such as so-called "orderly marketing arrangements" in the United States and import quotas for certain agricultural products in the European Community);
- the formation of regional trading blocs or "common markets".

Of course, the political reality is that most tariff and non-tariff barriers have been erected to protect entrenched domestic economic and/or political interests (including management, labor, and regional interests), and hence proposals to reduce or eliminate such protections often run afoul of powerful organized groups with strong economic incentives.

The use of trade-related preferences to affect migration from pressures in major source countries also carries with it some of same kind of problems as redirecting international assistance to migrant-producing countries. Morrison describes the migration-restraining effects of such measures as "indirect and not necessarily significant." [4] Weintraub notes that the direction of the migration effects may be the opposite of that intended:

> the direction of the outcome [of such trade preferences] seems instinctively clear --- more exports by these countries would create more jobs and greater economic opportunity at home. We know from empirical observation, however, that our instinct may mislead us. As economic opportunity rises marginally, the ability to emigrate also appears to rise. The incentive to stay home may require a substantial rather than marginal increase in economic opportunity. [5]

Moreover, such an approach would compromise the principle of universality of trade preferences for developing countries, by focussing preferences on those producing large numbers of migrants. This would almost certainly lead to complaints of unfair treatment from other developing countries. (It might even, perversely, offer them incentives to encourage outmigration as an instrument to gain equal trade treatment).

One of the more interesting experiments involving modification of tariff policies in the interest (at least in part) of restraining migration is that of the so-called "maquiladoras" or "twin-plant" tariff arrangements negotiated between the governments of the United States and Mexico under the Mexican Border Industrialization Program. In brief, these agreements provide for the duty-free import into the normally heavily-protected Mexican economy of unassembled components from the United States. These components are sent to regulated in-bond plants located mostly in Mexican border towns, where they are assembled by Mexican workers who are paid at least the Mexican minimum wage, which is far lower than prevailing wages in the United States. The assembled products are then re-exported to the United States, which assesses duty only on the value added in Mexico as allowed under Item 807 of the U.S. Tariff Schedule.

A major goal of the twin-plant program was to provide employment for Mexican workers within Mexico, while providing American companies with access to relatively low-cost labor. As in most other matters related to immigration trends, there is disagreement as to the impacts of the maquiladora policy. It surely has provided employment for Mexicans within Mexico, though the numbers involved have not been as large as often thought, and the jobs appear to have gone primarily to young unmarried females rather than to the unemployed family breadwinners expected. Moreover, with 20/20 hindsight there is now concern that the location of the twin plants in Mexican border towns may have served to attract large numbers of people to these previously small urban areas, thereby exacerbating their urban problems and actually stimulating illegal migration across the easily-crossed U.S. border.[6] Hence the maquiladora experiment suggests that, like aid policies, tariff policies aimed at restraining international migrations may have unanticipated consequences.

Overseas Investment:

Finally, the stimulation of direct foreign investment in sending countries has been proposed as an effective means of generating employment and thereby restraining outmigration. Such investments surely provide jobs, but their overall effects upon employment is uncertain. For example, such investments may displace local investments, and they may focus upon capital-intensive technologies rather than on labor-intensive industries needed to meet local needs. Indeed foreign investments made in labor-intensive but low-wage sectors such as cashcrop agriculture are often seen as multinational "exploitation". (It is worth noting in this regard that Mexico has been one of the largest recipients of such direct U.S. investment, with some $4 billion concentrated heavily in manufacturing and accounting for 87 percent of the manufactured exports of Mexico.) On the basis of his review of the evidence, Morrison concludes that the effects of direct foreign investment upon employment prospects is "an unsettled question".[7]

The available evidence, then, surely illustrates the need for caution in evaluating arguments that foreign assistance, trade or investment policies be employed as principal foreign policy tools aimed at affecting international migration trends. The typical characterizations of the effects of such measures are "uncertain", "unsettled", "indirect and not necessarily significant", "doubt", "not clear", etc. It is important to note that most of the writers on the subject are supportive of generous foreign assistance programs (I would place myself in this category), and hence could be expected to welcome an immigration rationale for such assistance if it had any plausibility.

There is surprising agreement on one point --- that the short-term effects of successful development efforts are, if anything, to accelerate outmigration, and that the migration-restraining effects, if any, occur only in the long term, i.e. well into the 21st Century. To this I would add that over this same long term, genuine social economic development will be essential to provide opportunity for developing country labor forces within their home counties. Given the nature of such development, it must be stimulated and encouraged now if it is to have effects several decades from now.

To my knowledge, no responsible analyst has recommended aid, trade and investment policies as promising instruments aimed at affecting immigration trends over the remainder of this century. The only advocates of such measures either have not reviewed the available analytic evidence, or are aware of it but choose to propose such measures as alternatives to other immigration policies they oppose.

Thank you for your attention.

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[1] Thomas K. Morrison, "The relationship of U.S. aid, trade and investment to migration pressures in major sending countries", International Migration Review, 16(1), 1982, pp. 4-26.

[2] Morrison p. 15. See also Nelle W. Temple, "Migration and Development: A Preliminary Survey of the Available Literature", Staff Report of the Select Commission on Immigration and Refugee Policy, Appendix B, p. 206 (Washington: 1981).

[3] Sidney Weintraub, "U.S. foreign economic policy and illegal immigration", Population Research and Policy Review, 2, 1983, p. 218.

[4] Morrison, p. 21.

[5] Weintraub, p. 226.

[6] Agency for International Development, "The relationship of U.S. aid, trade and investment to migration pressures in major countries of origin," Staff Report of the Select Commission on Immigration and Refugee Policy, Appendix B, p. 11 (Washington: 1981).

[7] Morrison, p. 22.

Representative Levin. Thank you. That is a learned and rather sobering analysis, I would say.

Next is Mr. Michael Piore of the Department of Economics at MIT. Welcome

STATEMENT OF MICHAEL J. PIORE, PROFESSOR OF ECONOMICS, MASSACHUSETTS INSTITUTE OF TECHNOLOGY, CAMBRIDGE

Mr. Piore. Thank you.

I would also like to speak to the question of the relationship between foreign aid and economic development and migration particularly to the United States.

My remarks are based largely on a review of the process of migration in the United States, both on review of the existing data, and on my own contacts with employers and immigrants over the last 12 years.

The principal thrust of my remarks is to support and reinforce Mr. Teitelbaum's point that the migration effects are a poor rationale for foreign aid and population programs. This in no way is meant to undermine other rationales for foreign aid and population control programs, but my own research, as well as I think the data in general, suggests that they are unlikely to have much of an effect on migration.

Let me outline basically three factors which lead one to be rather skeptical that events in the countries of origin are likely to significantly affect migration.

First of all, the data, as Mr. Teitelbaum suggested, do not support the point that migration is related basically to the size of the income differential, that is, in order to have migration in the first place there needs to be (a) income differential, but the relative size of that differential does not seem to explain the migration which has been occurring toward the United States historically within the last 10 to 15 years. Migrants do not come from the poorest parts of the donor countries, and significant income differentials can exist for very long periods of time without any migration occurring. The migration which has occurred in the last 10 or 15 years seems to be occurring at a time when income differentials between this country and the countries of origin are narrowing, not increasing.

But second, the principal reason why the income differentials do not seem to explain very much about the migration process relates to the motivation of the migrants.

Most migrants or migrant streams in the initial stage tend to be dominated by temporary migrants. That is, people who plan to come to the United States for a relatively short period of time, and their principal motivation is to accumulate funds to take back to their home country and invest in some project within the home country.

Often those projects relate to expanding land holding patterns, but they also sometimes have to do with projects which are directly related to the process of economic development, that is, founding small industrial operations or commercial operations. The relationship between these projects and the economic development process itself is one of the principal explanations why the early stages of the development process may actually accelerate the migration process. That is, as there are more and more projects of this kind on the horizon, more and more people want to migrate to the states temporarily in order to accumulate funds so that they can go back and invest in those projects.

Because migrants in this early stage of the process tend to have projects for returning home, they are willing to accept jobs which are unstable, have poor chances of career advancement and so on, and it is principally the availability of those jobs, which are jobs which committed national workers do not generally want to accept, and the effort of employers to find workers to fill them that seems to be *responsible for initiat*ing migration streams in the earlier period.

That suggests that the governing force of the migration, particularly in the early period, is economic opportunities in the United States and not economic opportunities in the country of origin.

The second factor in the development of the migration stream is that over time the temporary motivation of migrants tend to change. Gradually out of this stream of migrants that have a temporary commitment to the United States you develop a group of migrants who either by accident or because their motivation changes once they get here have a long-term commitment and settle in the United States.

But again, the variables which seem to affect the settlement process, that is, the tendency to settle permanently in the United States, have to do with events which occur in the United States and not very much with events which occur in the country of origin.

The single factor which may affect the settlement process in the country of origin is the degree to which people can actually fulfill their ambitions to invest it at home, and to a certain extent if the development process is more rapid there are more opportunities for people to return. But on the other hand, as I suggested earlier, probably the rapidity of the development process also tends to generate a motivation to migrate in the first place.

So both in terms of initiating the migration process and in terms of the degree to which settlement becomes permanent, events in the American economy seem to be the principal governing force, and this argues for directing policy—that is, that migration policy has to basically concentrate on American economic developments and not on developments abroad.

Well, I have tried to sketch very rapidly the outlines of an argument which is presented in more detail in the paper which I submitted today.

[The paper referred to by Mr. Piore follows:]

"Alien Workers in the American Economy: Economic Consequences and Alternative Policies"

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Abstract

This paper discusses the immigration process in the United States and efforts to control it through public policy. It argues that public policy has erred by focussing upon events abroad, in the country of origin, as the primary force generating migration streams. This has led to a policy of "massive retaliation" which attempts to curb all but a limited number of "legitimate" migrants. The policy has failed because the country is unwilling to commit the financial resources and to make the compromises with human rights and liabilities which success would entail. The result has been very large numbers of undocumented aliens, living and working on the margins of the law.

This paper argues instead that the major force of contemporary immigration lies within our own boundaries. Two elements of the process are critical. The first of these is a series of unstable, menial jobs with little prospect for economic advancement. This work is shunned by adult national workers with a full time labor force commitment because it provides neither the status nor the steady income stream commensurate with their needs and aspirations. Immigrants are not deterred by these characteristics because they plan to stay only temporarily, accumulate a fund of resources, and return home. Over time, however, these initially temporary immigration streams generate permanent settlements whose members aspire to more stable higher status jobs and which attract from their home communities permanent immigrants with similar aspirations. This settlement process is the second critical factor governing immigration and it too occurs within our own borders. A recognition of these factors and an understanding of them permits a different, strategic approach to immigration policy: one commensurate with current law and limited resources for its enforcement.

Interest in immigration waxes and wanes in American politics. In the last couple of years, it has been on the rise. It has been spurred by the large influx of refugees in the last couple of years especially the Mariol Cubans who arrived in 1980, most of whom settled in Miami. Lately, concern has been generated as well by record postwar numbers of unemployed from whom the immigrants, it is believed, are taking jobs. Immigration reform would probably have passed Congress last year but for the tight legislative calendar. Passage in the present Congress is likely.

The central concern in the public debate has been clandestine immigration. Estimates of the number of people in the country without proper documents range from 3 to 12 million. Most of these people are here to work, hence the notion that they take jobs from Americans. The rhetoric of the immigration debate implies that, in addition, the existence of so many people here in direct contradiction to announced public policy represents a threat to the general social order and, hence, to the safety and security of the rest of us. Their ambiguous legal status certainly places the people themselves in a precarious social positions. It makes it difficult to educate their children, to obtain the protection of labor legislation in the workplace or, off the job, from abusive landlords, money lenders, or the wrath of angry relatives, neighbors or rejected suitors, all of whom can at any moment of time turn them into the immigration authorities.

Clandestine immigration is composed of two streams, classified respectively as EWI's and visa violators. EWI stands for entry without inspection. These people enter the United States surreptitiously without any documents, mostly along the Mexican border. Lately, there has also been some entry by boat on the Florida coast: this has generated a lot of publicity but the numbers involved must still be quite small. The EWI's are primarily Mexican nationals, with a sprinkling of migrants from other South American countries, whose numbers have been growing in response to political upheavals in those areas. Entry without inspection is the predominant form of clandestine immigration in the West and Southwest. It is also important in the Midwest, but there is joined by the second migration stream, visa violators. The latter enter with bonafide documents but they violate the conditions of entry by over-staying their visas and/or by accepting gainful employment. Most of this second group have visitor or tourist visas, but some come to the United States as students. The visitors are frequently related to U.S. citizens or to permanent resident aliens: a number actually come intending only to visit their relatives but then change their plans after they arrive. These visa violators make up the principle source of clandestine migration on the East Coast. They come from throughout the world, but the principle countries of origin appear to be the Dominican Republic, Colombia and the smaller nations in the Caribbean Islands. Undocumented Asian immigrants must also enter in this way. The conventional wisdom is that the clandestine immigrants are about evenly divided between these two streams.

The dominant view about immigration appears to be that the immigrants are driven by a desperate attempt to escape the poverty and depression of their home countries, which constitutes an inexorable force driving them toward the United States. This view is not always made explicit, but it underlies the continual reference to the economic conditions in places like Mexico, to the population pressures in the underdeveloped world, and to the high rates of unemployment and/or so called underemployment. Given the fact that the United States is surrounded by poverty, it implies that we will be inundated with immigrants. And when the figures about income levels and population growth among our southern neighbors are presented in combination with the figures about the numbers of clandestine immigrants already here, it seems that we already are being inundated.

This notion of the immigration process invites a policy of "massive resistance". To halt the "invasion" in this way, one would have to control both streams, EWI's and visa violators. Control of EWI's means control of the Mexican borders and leads to proposals for expanding the border patrol forces with a large infusion of new men and equipment. The incipient problem of entry along the coast would be handled by a comparable expansion of the Coast Guard activites, including the interception of suspected vessels on the high seas. The Coast Guard has at times suspended basic civil rights and due process guarantees for suspected immigrants stopped outside U.S. territorial waters. Such measures are also attractive in controlling land borders but the constitutional issues are salient here and the scope of police activity more carefully delimited.

In principle, true border control is probably possible. The U.S.-Mexican border is very, very long but most of it consists of desert which is difficult to cross and easy to police with aerial equipment. Most of the entry occurs in large urban areas. The present border patrol force is small: as Secretary Ray Marshall was fond of pointing out, smaller than the capitol hill police force. Current smuggling operations are relatively primitive and unorganized; more resources alone would go a long way to counter them. On the other hand, the whole nature of the immigration process undoubtedly changes under the impact of a massive control operation: there would be an escalation in both technology and organizational effort on the other side of the border and probably a change in the locus of entry. Border control would thus undoubtedly be considerably more expensive than it appears to be at the current time. The final cost in terms of resources and, very importantly, human rights, could be quite large. But my own judgement is that if it were done slowly and deliberately, with a well conceived and carefully implemented organizational structure--i.e. not in a panic--it would be manageable.

Visa violations, on the other hand, are a good deal more difficult to control. Almost all visa violators come to the United States for ostensibly legitimate reasons, to visit relatives, for tourism, shopping, and for education. Attempts to curtail visa violators by tightening up the procedures through which they are granted inevitably interfere with these processes in very serious ways. The consulates who issue visas are over-worked and under-staffed, and could easily absorb more resources, but it is not clear that this would solve the problem. Resource constraints seem to be one of the major factors controlling the number of visas actually issued at the moment: more resources would probably make the process fairer but might actually increase the flow. It is very difficult to judge the actual motivation of an applicant; and since many of those who eventually violate their visas have legitimate reasons for visiting the United States and may not even contemplate visa violation in advance, it is not clear that the process could be fully controlled in this way.

The difficulties of direct control -- the hopelessness of controlling visa violation and the cost of border control -- have forced attention on a third proposal, "employer liability." By a quirk in the immigration legislation, employers are in no way responsible for checking the legal status of their employees, and reformers have argued for a long time that if employers were made responsible, the jobs, which are the chief attraction, would be cut off and immigration would dry up. It is probably true that this would be the case, but job control is no panacea. The exact nature of present employers liability has been somewhat distorted by the advocates of this reform. Employers are not -- it is true -- liable for having undocumented workers on their payroll, but they are liable if they actively and knowingly engage in recruitment. Such recruitment has, at times, been fairly widespread, albeit very circumspect. The immigration service has not been very successful in developing cases against this kind of recruitment, largely because such cases are difficult to prove without extensive investigation which the INS does not have the resources to conduct. More stringent forms of liability would reduce the investigative burden but only marginally. For really effective enforcement employers would have to have some means of verifying the status of job applicants: this would necessitate a national identity cards, which poses apparently insurmountable civil rights problems. Such a system would also be very expensive: budget estimates run to several billions of dollars. By itself, therefore, employer sanctions are unlikely to have much of an effect one way or another. To be effective, they would require a massive infusion of resources for the INS. These resources would be almost as effective under present legislation if they were devoted to investigation and INS "raids." But we have consistently judged them too great.

Thus, there is a sense in which the flood of immigrants which the conventional view predicts seems inevitable. American culture seems doomed, either to drown in a sea of foreign languages and alien customs or to degenerate as the immigrants drive down our standards of living and we divert increasing resources to securing our borders and make progressive compromises in our basic human values in order to keep aliens out.

Fortunately, however, there is very little evidence to support the theory which underlies the conventional wisdom. It seems logical that the income gap between the U.S. and the underdeveloped world should be the basic governor of the immigration process but that does not seem to be the case.

The migrants are not coming from the poorest countries in the world and they are not coming from the poorest regions in their countries of origin. This remains true even when some effort is made to correct the figures for the cost of transportation or even information about job prospects. Mexican migrants to the United States, for example, come from places like Jalisco, in the middle of the country, and from Mexico City, not from the relatively poorer Yucatan. The poorest country in the Western Hemisphere is Haiti. It has been the poorest for many, many years; but until quite recently, Haiti was not a principle source of migrant workers and historically and to a lesser extent even now, the Haitian migration is primarily composed of the relatively well to do and well educated middle class. Any theory of migration must explain its timing. The current wave of clandestine migration is recent: it dates from the late 1960's. A large income differential between the United States and the countries of origin has, however, always existed and if anything has probably been narrowing over this period. Nor is it possible to account for recent migration flows through other changes in the cost differential. Transportation costs, for example, have been remarkably stable over long periods of time. The cost of air transport from the Caribbean in the early 1970's is approximately the same percentage of the unskilled workers weekly wage as the cost of steamship passage from Italy in the 1880's.

In so far as I can judge, from talking to immigrants, the immigration process does not work as the conventional wisdom presumes because the potential immigrants view the United States much as Americans view them. They are deeply attached to their language and culture and strongly rooted in their own communities where they feel comfortable and at home: they find American society cold and alien, strange, lonely and frightening. Their migration is thus not a sign of the special attraction of the United States but, paradoxically of a commitment to their home community. Generally, they have some particular project at home which motivates the immigration process: landholdings which they would like to expand, or improve; agricultural equipment or livestock they plan to purchase; an inter-urban taxi or a hack; a small store; in some areas a piece of industrial equipment for a home-factory. Their notion is to come to the United States temporarily; work hard for a relatively short period of time: and then return home using the accumulated earnings to finance their project. This, incidently, is true not just of the current foreign migration, but it has been true historically as well. In so far as we know about the origins of late 19th century migrants from south and eastern Europe, they seem to have come from areas of small landholdings where projects to expand or improve agriculture were widespread among the peasantry. The rates of return among these early migrants were quite high. Overall, 32% of all immigrants between 1908 and 1910 returned: for some groups, the rate was much higher. 63% of Northern Italian migrants to the States and 56% of the Southern Italians, for example, went home in this period.

The fact that immigrants are motivated in this way limits the range of jobs for which employers find them attractive. They are not attractive for jobs to which adult national workers normally aspire. Such jobs require a long term commitment on the part of the labor force, high levels of education, training and experience, and a stable, regular labor force. Thus, the immigration process tends to be governed by and responds to what we call the secondary sector of the labor market: jobs which are relatively low paying, insecure, have menial social status and lack any career advancement. Such work is not attractive to committed national workers precisely because it has no future and adds little to the self definition and esteem of those who perform it. The immigrants are undeterred by these same characteristics because they view their stay as temporary: they plan to leave before they are laid-off: they do not think of themselves as staying long enough to take advantage of career opportunities: and they obtain their self-definition from the work roles they perform at home. Since it is the jobs in the secondary sector for which immigrants are an attractive source of labor, it is those jobs which control the immigration process.

We do not know why the economy generates jobs of this kind. A good many of the jobs which clandestine immigrants now hold were previously held by other migrant groups, first foreign immigrants from southern and eastern Europe and subsequently black workers migrating from the rural south. The new foreign immigration dates from the late 1960's, when unemployment under the impact of the Viet Nam war boom reached extremely low levels. In this period as well the labor reserves in the rural south were virtually exhausted and the black labor force became dominated by a second generation which had grown up in the cities. Case study evidence suggests that this new generation, whose attitudes were crystallized by the civil rights movement, were increasingly perceived by employers as intractable and difficult, if not actually dangerous, to manage. Faced with a general labor shortage and a great distrust of the existing workforce, businesses thus began to look around for new sources of labor, and they found them increasingly among foreign workers. In a number of cases, the employers efforts seem to have been deliberate and purposeful but they went largely unnoticed as policy focused on obtaining higher level jobs for blacks. In some cases, businesses actually seem to have recruited from abroad. This was the origin of the new migrant streams.

The character of an immigration stream does not however remain static: it changes significantly over time. Most early immigrants plan to stay only temporarily: but many end up staying longer than intended. Some of them eventually settle permanently in the United States: even those who finally do return often have children who grew up in the United States, cut off from their parent's country, without the cultural and linguistic ties which bind their parents to the place of origin. The long-stayers and their children form a permanent settlement whose members, especially in the second generation, have needs and aspirations which parallel those of U.S. nationals. Indeed, for practical purposes, many are U.S. nationals, whatever their legal status. Return is not a viable option. Once a permanent community forms in the United States, the character of the new migrants also begins to change. It becomes feasible to move to the United States and settle permanently without experiencing the cultural alienation and strangeness which deters this kind migration in the beginning, and some people begin to do so. Thus an immigration process which begins initially as essentially complementary to the needs and aspirations of U.S. nationals, generates over time a second generation, and a growing group of first generation immigrants as well, who are in competition with American nationals for stable, career jobs.

Where are we in this process at this time? If the recent wave of immigration began in the late 1960's, it might be supposed that by this time, 15 years later, the country has accumulated a substantial reserve of undocumented immigrants and that the originally fluid immigrant streams have begun to solidify. Much of the public discussion seems to presume that this is the case: people talk as if time alone makes this problem more and more pressing. But, here too, this is by no means clear. The initial upsurge of immigration in the late 1960's was a response to two factors: an unusually tight labor market, with levels of unemployment much lower than any experienced since, and a relatively sudden shift in the character of the black labor force who had previously been staffing secondary jobs. The vacuum which this created at the bottom of the labor market, and into which the new immigrants were pulled, could not have greatly expanded since that time and, with rising unemployment, may have shrunk. In the last five years, there has also been a substantial infusion of refugees. The refugees have moved into jobs very comparable to those held by undocumented migrants. But the refugees have a permanent commitment to the U.S. which the migrants do not, and undoubtly pushed many of the migrants out. However settled the original migrant communities have become, we know from case studies and ancedotal evidence, that the number who are temporary remains substantial. Because these people are here to save money, they are not interested in waiting-out unemployment. They do not stay in the U.S. if jobs are unavailable. Indeed, as one migrant commented: "It is not worth my while to stay here if I can't hold two jobs." At their core, the immigrant communities may now be sufficiently solid to resist the pressure of unemployment and the competition of the refugees, but there is still a wide perifery of workers who must have responded to the changing economic conditions and new competition by going home.

Economic troubles in Mexico are thought to be augmenting undocumented migration but this presumption also is dubious. Nobody seemed to have argued during the Mexican oil boom of the late 1970's that undocumented migration from that country diminished: if the boom did not diminish the migration, it is unclear why the bust should augment it. However bad things are in Mexico, one can probably do better there surrounded by family and embedded in a community network than in the United States without a job and ineligible for unemployment insurance or social welfare. In any case, much the same argument applies to economic refugees from Mexico as it does to political refugees from Cuba, Asia and El Salvador: to the extent that they have a stronger motive to stay in the United States, they are likely to displace temporary migrants from other countries in the hemisphere. This displacement effect undoubtedly operates least effectively in the west where Mexicans predominate but strongly in the midwest and on the east Coast where Mexicans are only one of an immense number of different national groups which make up the immigrant population.

Finally what is almost never recognized in assessing the evolution of the clandestine immigrant population is that a very large proportion of those people who do settle permanently manage to legitimize their status. The official immigration system operates through the system of "equity" and "preferences" to give enormous weight to family reunification. The spouse, parents, and the children under the ages of 21 of U.S. citizens are admitted outside the official quotas. And the preference system allocates 20% of the overall quota of 270,000 immigrants to unmarried sons and daughters of U.S. citizens, 26% to unmarried sons and daughters of permanent resident aliens, 10% to married sons and daughters of citizens and 24% to brothers and sisters of citizens. Very few people develop a desire to settle permanently in an area without developing the social and family ties which would eventually qualify them for a permanent immigration visa under one or another of these various family unification provisions. Indeed, most visa violators come to the United States as family visitors with these kinds of ties initially. It is common practice for undocumented aliens to apply for official admission; come to the United States; live and work clandestinely while their application is pending; and then return home when it comes through. In this way, documented and undocumented migration are intertwined, and the pool of undocumented workers is continually diminished by official immigration.

The estimate of the stock of undocumented migrants has remained unchanged at 3 to 12 million since the early 1970's. It is generally supposed that this is due to the width of the range, and that the true figure has moved up over time. Given rising unemployment, the competition of refugees, and the processes of legitimation through official immigration, however, the true figures might as well have been declines.

What does this alternative view of immigration imply for public policy? The major concern of policy-makers has been the threat which immigration poses to the income and employment opportunities of American nationals. In the conventional understanding, the immigrants constitute a generalized threat. In the process just sketched out the threat is much more limited and confined. The immigrants, at least in the early stages of the process, do not threaten the employment opportunities of permanent adult workers, particularly those in jobs requiring a long term career commitment. Indeed, in so far as a certain amount of menial, unskilled and insecure work is necessary to sustain stable, long term job opportunities, the immigrants may actually compliment these types of national workers. The competition occurs between the immigrants and other marginally committed labor force groups, particularly youth and secondary women workers whose primary commitment is to home and family responsibilities. Even that kind of competition is difficult to access. The nature of the labor force commitments of these groups is itself ambiguous. The jobs at stake are moreover in competition with foreign producers and any attempt to replace the immigrant labor force with nationals might simply drive the work abroad.

The difficulties for analysis and policy are illustrated by two studies of New York City industries just nearing completion, one by Tom Bailey of immigrants in the New York City restaurant industry, the second by Roger Waldinger in the New York City garment industry. In the restaurant industry, immigrants tend to be concentrated in a distinct sector of ethnic restaurants, owned and managed by immigrant entrepreneurs. This sector coexists with two other sectors: the fast food sector, typified by McDonalds, which is staffed primarily with young, part-time workers and full service restaurants owned by American nationals which employ some immigrants but also a certain number of nationals, in New York aspiring actors and actresses. Bailey argues, on the basis of a comparison with other cities that have much smaller immigrant groups, that the competition between immigrants and nationals is not a direct one but occurs through the relative size of these different sectors. Without the immigrants, he argues, the fast food sector would be much larger: McDonalds would substitute for the Greek coffee shop at the bottom of the price line and limited menu steak houses would substitute at the top. This is partly a substitution of youth for immigrant labor. But a good deal of the fast food operation is industrial: the food and equipment is prepared in remote manufacturing establishments: these establishments tend to offer relatively unskilled jobs which are accessible to immigrants, jobs with schedules and at locations which are not attractive to youth. The manufacturing activities can, moreover, be easily performed abroad. Clearly, the jobs lost by immigrants would not be converted to youth restaurant jobs on a one for one basis. It is not completely clear that youth could be attracted to fill even new restaurant jobs created by curtailing immigrantion. The restaurants in the non-immigrant cities which Bailey examined have a dispersed population and a largely family clientele. They are located near the youth which they employ. New York City restaurants have a professional and business clientele in the center city remote from the residences of young workers.

Employment patterns in the garment industry are equally complicated and ambiguous. Waldinger argues that the industry in New York also caters to a particular segment of the national market. It concentrates upon the production of short runs of specialty items for a spot market. It therefore needs the large flexible source of labor which the immigrants provide. The immigrant communities also provide a certain skill continuity, which is otherwise difficult to maintain and which is particularly important given the type of production in which the city specializes. Outside the city production is of a very different sort: it consists of much longer runs of products which are more standard (the contrast here is between blue jeans and dresses) and/or ordered in advance (a successful style might, for example, be stocked by production outside New York City at the beginning of the season and then reordered in small, rush batches from city factories to meet unexpected demand later on). This second type of production was originally done in New York but because it requires less skill, benefits from large production facilities, and supports the time delays involved in remote locations, most of it moved out of the City during the postwar decades first to rural areas in the U.S. and then abroad. With the new immigration a little of it has begun to come back to the city. It is difficult to imagine the industry without a fashion center like New York and the "spot market" segment of the industry which resides there. New York's chief American competitors are Miami and Los Angeles, both of which use a similar immigrant labor force; without any immigrants, the whole industry might move abroad. The recent return of the second type of production to the city has been at the expense in part of farm wives in rural Pennsylvania, upstate New York, and the South, and, in this sense, the immigrants do compete with American nationals. But it has also been at the expense of foreign production, and the domestic production which moved to New York might otherwise have moved abroad. The significance of the jobs lost to the farm wives is also debatable. Before the factories moved into these areas, most of these women had never considered working: the rural labor force was a creation of employers in much the same way that the immigrant labor force in the City is a product of employer recruiting.

Taken together, these considerations lead me to conclude that the concern which has motivated current legislative proposals is misplaced and the legislation itself is ill-conceived. We ought, I would argue, nonetheless make an effort to limit and control the immigration process. The reason for doing so is that, over a very long period of time, it does have the capacity to erode the employment opportunities of national workers and because, generally, a tight market, in which labor is in short supply, is more conducive to social progress than a loose one. The best way to limit immigration however is by direct control over employment conditions, by raising wages and improving working conditions on the jobs to which immigrants are attracted in the hope that this will eventually attract nationals in their place. Policy instruments for doing this are available in our labor standards legislation and the National Labor Relations Act. And I would therefore devote the resources we are currently talking about diverting to the enforcement of immigration legislation to the enforcement of these acts and to legislative reforms which raise the minimum wage, facilitate union organization, tighten health and safety standards and the like. I prefer this to tighter immigration legislation because, in general, I think it is more humane, -- more consistent with the preservation of and respect for, human rights -- to control jobs rather than people. I also think that the immigration debate tends to become entangled in feelings of xenophobia and racism, which obscure the underlying economic interests at stake. As a result, we are systematically led to pass legislation which, when we see its economic costs, we are unwilling to enforce. A debate which focuses upon the minimum wage and labor standards legislation makes these costs much more salient in the policy debate. I take it as axiomatic that if we are unwilling to support legislation which directly raises the cost of labor, we will be unwilling to enforce immigration legislation which has the effect of doing this indirectly by removing the foreign labor force. It is a consistent part of this policy not only to enforce labor standards directly but also to combine that form of enforcement with enforcement of immigration legislation through periodic raids on establishments known to employ clandestine immigrants so as to regularly vacate the jobs, open them up to nationals and test their "desirability." The decent way to do this would be to inspect worker documents, inform the employer of all employees without proper paper documents and then hold the employer liable ~~liability~~ if he continues to hire these people in the future.

On the other hand, it would be a great mistake to see in the control of immigration, a solution to any of our basic economic and social problems. This seems to me obvious with respect to the high levels of unemployment we are currently experiencing, although given the rhetoric surrounding it, the point is perhaps worth emphasizing. Current unemployment is the product of a deep and prolonged economic recession combined with long term structural adjustments in the technology and international competitive position of our major industries. The increases in unemployment have been concentrated among precisely these committed adult male workers who are not in competition with immigrants and the low wage, unstable, menial jobs which the immigrants hold will not substitute for the jobs these people have lost. The immigrant jobs might, it is true, ease their adjustment problems if the displaced workers were willing to take them, but few of the displaced workers are going to be willing to accept the humiliation of such a major decline in social status for the small income involved. And a real solution to their problems will require both an econom~~y~~ic recovery and traiining and relocation assistance to help permanently displaced workers find a dignified place within the economy.

A similar point can be made with respect to black youth. A number of the jobs now held by immigrants were once held by black nationals: if the immigrants were somehow to disappear, black nationals would again take over some of their work. The immigrants, however, did not displace blacks. Employers perceived a change in black attitudes toward the work which made them difficult and dangerous to manage and recruited immigrants to replace them. Black attitudes changed because an older generation, raised in the rural South with a background and motivation similar to the immigrants was replaced by a new generation who grew up in the north. These younger workers associated the jobs with the inferior status to which their race had been condemmed in America and feared that they would be confined in them permanently through prejudice and discrimination.

This process of replacement occurred almost 15 years ago in a much tighter labor market at a time when both the political climate and the levels of welfare and other social benefits were much more conducive to these attitudes than they are today. It is likely that black resistance to such work has moderated somewhat, and this is the case for pressing to reopen some of these jobs. But neither I, nor more importantly the businessmen involved, believe that the attitudes have changed substantially. The real solution to the employment problems of blacks requires upward mobility.

Finally, precisely, because of the experience with the black revolt in the 1960's, it would be a great mistake to attempt to control immigration by directly forestalling settlement. The black movement was essentially a revolt of second generation immigrants: a revolt of the children of a generation who had come up out of the South, who were no longer satisfied with their parent's jobs, but who did not have access to the high wages and career advancements which might have satisfied their aspirations. Prejudice and discrimination were undoubtly major factors blocking their advancement, but the black youth of the 1960's were also poorly trained for the positions to which they aspired. The children of the new immigrants will undoubtedly view their parents jobs in much the same way as the blacks, and may react in much the same way if their own advancement is similarly blocked. Any attempt to prevent their parents from settling permanently will bar the children access to the educational and cultural facilities which will enable them to fulfill their aspirations and recreate for another major portion of our population the social tensions which have surrounded black communities in the last 20 years. In a sense, moreover, American society has a moral obligation to these children as well. They are here because we wanted the labor of the parents: in a very real sense, we recruited their parents. By so doing, we made the children like us, probably more like us in terms of values and aspirations, even culture and language, than like their parents. Having done so, we have an obligation to treat them as we would treat our own children. If in the process we create competitors for our children, this may be an argument for more careful control of the use of immigrant labor in the secondary sector but it is not a very strong argument for limiting the after effects of that immigration by pressing on the children, who like us have no where else to go.

To limit policy in this way need not imply that we accept the settlement process as inevitable and beyond our control. That process can be limited in a variety of ways. Higher wages, which act to attract American nationals to jobs, will tend to limit settlement by enabling temporary immigrants to meet their target earnings more rapidly and return home before they develop permanent attachments in the U.S. Economic development in the home countries will also limit settlement in the U.S. Certain visa policies also have an important effect upon settlement: time limitations on visitors visas paradoxically encourage long stays because visa violators fear returning home after their visa expires for fear that they won't be able to return. We could also prevent new migration streams from starting by greater reliance on investigation and strategic enforcement in border control activities, the surveilance of immigrant communities in the States, and in granting visitors' visas abroad. These policies are all a good deal more humane than those contemplated in the current legislation debate: they are less costly. I think these will ultimately be more more effective in preserving the values, economic and spiritual, of American life.

Representative **Levin**. Thank you. You have done it so well. I have not read your paper, but I will do so.

Let us review the logistics.

Somewhat to my surprise we are going to have a rollcall, so I need to leave to go over, but Representative Scheuer is coming back. He has a series of questions for the five of you—about 10 pages.

If you do not mind, will you wait for a few minutes, and he will be here. Or, if there is a further delay, we will find that out in a few minutes. You could reach me on the floor. I then have to go to a luncheon. I will come back because we need somebody to formally adjourn.

If we do the latter, we would keep the record open so questions can be submitted to you in writing for a written response. But I think the chairman is going to be here in a few minutes to ask them directly.

Let me say a word before I leave. Not only is the foreign assistance bill perhaps coming on the floor, but as you know we will be considering an immigration bill in the next few weeks. So this hearing has been timely indeed.

It is easy to become discouraged about educating the minds of the general public and leadership to the importance of the population issue. But each of you here has persevered over the years, and my sense from 1 year in this place, plus a few months, is that perseverance pays, that it has some dividends.

The increase in the allotment in the appropriation for fiscal year 1984 was not an accident. And it did not occur—and I think I can say without derogating anyone's role in the Congress—primarily because of interests in the Congress for that support. In a meaningful sense it reflected years of work and sustained interest from without the Congress.

We are going into a period where there is going to be an international conference in Mexico City. I think its shape at this point remains quite uncertain, and I hope very much that this hearing will be another spark, perhaps only a small one, but another spark to heighten the interest within our Government and outside of it in the deliberations in Mexico. Because as I see it, in a meaningful sense, there has evolved a growing consensus as to the importance of the population issues and as to broadened ways, more complicated than we thought, but to viable ways for countries to approach and take on their population growth rate issues with our assistance.

So the challenge in the next months, I think, is to find ways to take growing interest within developing countries, a growing consensus in and outside of them, as to their importance and how we approach them, and to back them with resources, not only money but various kinds of resources, including articulated opinion within the ranks of government and outside.

So with that, I just want to add my expression of thanks to all of you for taking time and trouble to put together some very thoughtful statements, and I assure you on behalf of Congressman Scheuer, Congressman Kostmayer, Congressman Hawkins, and myself, we are going to spread the word of your testimony one way or another in the coming weeks.

We do not stand in adjournment. We stand in recess for a few moments. Thank you very much.

[A brief recess was taken.]

Representative Scheuer [presiding]. I do not want to delay things more than they have been delayed. I appreciate the attendance of my colleagues, Sander Levin, Gus Hawkins, and Pete Kostmayer.

I will just ask one or two questions of the whole panel.

Where is Sharon Camp? Sharon, come up here. Is there anybody left from the first panel? Why do not all of you come up. I am going to ask only two questions of any and all volunteers.

The first question is—and I know this is something that Ms. Camp has thought about, and that is why I specifically asked you to come back—and I will ask you to start first, Ms. Camp. What have we learned since Bucharest that we ought to be applying in the design of programs, in the finding of programs, in thinking about the order of magnitude that programs ought to take, and recasting programs to the extent that prior experience has indicated that there are some ingredients which have produced success in the past and they ought to be fortified, and there are some ingredients which have produced failure and they ought to be excised.

How do we change programs? On what kind of order of magnitude should these programs be designed? How do we think about funding levels? How do we think about more cooperation, perhaps, between the donor countries? How do we think about getting some of the countries with the worst population growth problems to opt for population-sensitive programs, and to bite the bullet in creating population policies?

What have we learned in the decade since Bucharest? How do we implement it through this whole congeries of United Nations agencies, private nonprofit agencies, and the donor governments themselves?

Ms. Camp. That is about a 14-point question, and maybe we can each take a piece of it. Let me start and bite a little bit of it off.

I think what we have learned over the last 15 years is that there are a cluster of things which governments and private organizations can undertake which will tend to produce fertility declines. And at the center of that cluster of things are organized family planning programs.

We have also learned something about what those family planning programs should look like, and let me talk about that just a little bit.

First of all, they need to offer a very wide array of contraceptive choices. For each additional method of contraception that can be added to the mix, we see an expanding number of couples who are willing to accept family planning services.

So that mix is important, and certainly in a large number of developing countries there is still too great a dependence on one or two or three contraceptive choices. In many cases sterilization is not available; in many cases injectable contraceptives are not available. In some important country programs even pills are not available.

So one of the first lessons that we have learned is that you need to provide each of the major methods as part of the program, and you need to provide quality services with good medical backup. Because if you do not, individual clients will have problems with these methods and rumormongering about family planning and its effects will occur.

What you want to do is promote the kind of quality services that will allow family planning acceptance to spread of its own momentum through satisfied customers.

The second thing we have learned in terms of the design of family planning programs is you have to get them out where people are. If they are physician dependent, if they are clinic based, a large number of people will not have access to them. You need to have what has come to be known as community-based distribution. You need to take advantage of all the infrastructures that exist in a rural area, including commercial channels through which you can provide basic kinds of family planning services. You need to involve community, paraprofessional personnel, lay personnel, teachers, village headmen's wives, whoever you can to get involved, both in the promotion of the program and the actual delivery of services.

I think those are probably the two most important points about program design.

In terms of the rest of the cluster, we know that female educational status, above perhaps all other social factors, has an enormous impact on fertility. That happens through a number of mechanisms.

First of all, women who are better educated are more likely to know about birth control or are more likely to know where they can find services and are more likely to be at an income level where they can afford to purchase those services on their own.

But the larger impact is one of broad horizons. If women gain education, they also look at other possible roles besides the reproductive role that they can play in the society.

So generally improvements in the status of women, as one of the elements of this cluster of factors, will have an impact on fertility.

We think that the child survival rate and a number of other measures which improve the quality of life at the village level have a long-term indirect impact on fertility.

So it is a reasonable cluster of things which some countries have undertaken successfully and those countries have had some success in reducing fertility.

In terms of the resource issue, I said earlier when you were away that perhaps we could set as a goal for ourselves to reach 70 percent contraceptive prevalence throughout the developing countries. That would, in this year, mean a target population, exclusive of China, of about 300 million couples.

We know that it costs somewhere between $10 and $100 per client per year to offer family planning services. Depending on which level you take—and that will differ depending on the amount of the infrastructure and investments that have already taken place in a country—my guess would be that we need to increase by a factor somewhere between 5 and 7 the total expenditures worldwide that we are now making on family planning and related research and educational activities.

Representative SCHEUER. In specific dollars?

Ms. CAMP. About $5 to $7 billion is what I think we could spend today. Now, one has to remember that between now and the end of the century, the number of women of reproductive age is going to increase by about 30 percent. So even if we were to reach that global level, that budget would have to continue to grow in order not to decline in per capita terms.

My sense is that the donor countries need to represent a declining share of that total world budget, and whereas we should consider doubling or tripling our overall level of assistance, developing countries must at least quadruple what they are spending in their family planning programs in order to pick up their share of a global budget.

There are some encouraging signs. India, for example, has doubled its budgetary allocations to family planning over the last several years. And I think that may be largely due to the activity of Indian parliamentarians building a political safety net under Indira Gandhi's initiative.

I have probably already taken up too much time, so let me withdraw.

Representative SCHEUER. All right, going from your left to your right.

Ambassador Green, what have we learned?

Mr. GREEN. I think I have learned some things, too, in this process. I put greatest emphasis upon leadership involvement, rooting family planning programs in villages and village involvement.

I do feel, as a result particularly of the last trip I took around the world with Fred Pinkham, who is here, that there are some things on which we are not putting enough emphasis.

There are forces at work in the developing world, especially in Asia—which makes up the great bulk of the developing world—that we can make use of, just as there are constraints that we must avoid.

But urbanization, industrialization, increasing travel, and communication, growing emphasis upon private enterprise, and the initiative of the individual, rewards and penalties—these are all growing throughout Asia. You can see it even in China today where the household responsibility system now allows people to retain that which they produce over their requirements for the state.

You see this everywhere, a weakening of socialism and socialistic controls.

But there are still the constraints of traditionalism, religion, sensitivity, communalism, bureaucratic inertia.

Given all of that, Congressman Scheuer, I think we came back from this trip feeling that there were four things that could be done—I will not go into any detail, but let me mention them.

I think we should put a lot more money, or the countries concerned should put a lot more money and effort, in urban programs. This does not mean neglecting the rural programs. It simply means that much more needs to be done in the cities. The cities are overcrowded, dangerously overcrowded. The leaders realize it. Furthermore, people do not need large families in the cities, and they know it. Therefore, there is a disposition to avail themselves of family planning programs that are there, and more success in those programs. It also means reducing the large natural increase of population in the cities and thereby relieving the burdens of excessive populations.

Furthermore, attitudes in cities tend to spread in this day of wide communication to the rural areas. The people in the rural areas are beginning to think a little more the way they do in the cities. And this will have a natural effect. This is what I mean by taking advantage of the forces that are at work.

Another force at work that has not been made use of is the organized sector. Here I am talking about government workers, the military, employees of airlines, large industries, plantations, and utilities. These people are all accountable.

I am not suggesting we have to push family planning in this sector because it is already happening. There can be all kinds of systems for advancing family planning in the organized sector. And we saw some in Maharashtra that are very effective.

More than that, at the conference in New Delhi where you made an excellent speech as executive director of the Global Parliamentarians--there was a great deal of attention being paid to making greater use of the organized sector in family planning.

Furthermore, let us be careful about the terms "incentives" and "disincentives." Do not knock them. This is not something we have to push. This is something that is happening already.

And just today I received an editorial from the Hindustani Times commenting on that conference and saying how Parliamentarians are now much more interested in Asia in the proper use of incentives and disincentives.

Representative SCHEUER. I would ask unanimous consent that that article be printed in the record at this point, if there are no objections.

[The article referred to follows:]

[From the Hindustani Times, Feb. 16, 1984]

POPULATION CONTROL—INCENTIVES AND DISINCENTIVES

(By Arvind Bhandari)

As parliamentarians from over two dozen countries assemble in the Indian capital on Friday for a four-day conference under the auspices of the Asian Forum of Parliamentarians on Population and Development, it is time to ask a pertinent question: Faced as they are with a demographic explosion, can the Asian countries continue to base their population control programmes merely on dissemination of information and delivery of contraceptive facilities? The answer is no. These countries urgently need to graduate from a passive approach to an active one that would seek to actually push the people toward a small family norm through a comprehensive scheme of incentives and disincentives.

India has the dubious distinction of being in the vanguard of the countries whose efforts on the family planning front have failed because of their refusal to go beyond education and propaganda. The national population policy, framed in 1976, stimulates reduction of the birth rate from 35 per 1,000 at the beginning of the Fifth Plan to 21 per 1,000 by the end of the century. This requires lowering of the net reproduction rate to unity by bringing 84 million couples under protection. There is not the ghost of a chance of this target being attained. Since sterilisation has come to be the mainstay of India's family planning programme as it accounts for over 75 per cent of the couples effectively protected. It is telltale that between April 1980 and November 1983 sterilisation added up to only 10.8 million against the Sixth Plan target of 24 million.

The unnerving figures of the 1981 census are too well-known to need recounting in detail. Suffice it to say that at this rate the present estimated population of 700 million will touch one billion by 2000 A.D. India already supports nearly 15 per cent of the global population over barely 2.4 per cent of the world's land area.

CHINA'S EXAMPLE

Nobody can question the eschewal of coercion and the emphasis on voluntariness. But the rub is that in our Government's lexicon eschewal of coercion also means avoidance of a vigorous carrot-and-stick policy. It is possible that the present soft-pedalling results from a backlash of the emergency days. Or perhaps it is just the usual slothfulness that characterises governmental activity when a project or scheme lacks high visibility.

A few Asian countries—Sri Lanka, Indonesia, South Korea, Thailand and the Philippines—have begun to bestir themselves to adopt a carrot-and-stick approach towards population control. But it is the example of China, the other populous giant, which should attract our attention. Interestingly, at the coming conference China will be represented by a largish delegation led by former Chinese Vice-Premier Huang Hua.

The board features of the incentives scheme applicable to Chinese communes are worth mentioning. A couple with a single child gets till it is seven an additional 85 kilograms of grain a year above its normal entitlement. The couple is also credited with additional work points worth about 30 yuan (Rs 150) a year until the child is 14, the idea being that this will assure it better access to food and health care. Further, the single child is promised free care at the creche and kindergarten and free schooling thereafter up to secondary level. The parents are allotted a private plot 1.5 times larger than average which should raise their earnings by 40–50 yuan. Over the 14 years these concessions last, the couple will get in cash and kind 1,600 yuan (Rs 8,000) or an average of 114 yuan a year—a big supplement considering that the national average of peasant incomes is 223 yuan.

INEQUITABLE ACCESS

India is now about 10 years behind China in the reduction achieved in fertility among reproductive women. Births per 1,000 women in the 15–49 age group numbered 149 in China in 1965–70 and 151 in India in 1975–80. The 10-year gap is likely to widen to 20 years if one goes by the UN population projections.

The question has, of course, been raised whether subjecting individuals to carrot-and-stick pressures on so personal a matter as family size is not violative of human rights, an aspect about which China is not over-concerned. The answer is best given in the form of a quotable quote from a report of the American National Academy of Sciences: "True freedom to determine the family size can be realised only if it is, like all other human freedoms, tempered by the concern of the individual for the rights and interests of others. Just as an individual needs protection from ignorance, coercion and inequitable access to the resources of society, society needs protection from the undesirable effects of individual fertility."

China, being a totalitarian state, has the capacity to badger and browbeat its population to fall in line with official policies. It is, therefore, likely that it uses coercion in some degree. But we do not have to imitate this aspect, for a carrot-and-stick policy can be reasonably effective without being coercive provided the incentives and disincentives are sufficiently large. In fact, where India stands at a real disadvantage in relation to China is the comparatively disorganized nature of the Indian rural sector, which is where the dent in the population problem has to be made. Nonetheless, on examining the situation on the ground, one comes across no insurmountable problems that should prevent India from implementing a scheme of incentives-disincentives, with rural blocks as the unit, which would seek to nudge the villagers towards a two-child family norm.

In any case, while persevering in the rural sector, India could, to begin with, direct the main thrust of its carrot-and-stick policy towards the organised sector—government, public and private. Considering that the organised sector employees nearly 25 million of the total work force, this would be no small gain. Moreover, with industry spreading increasingly to the semi-urban and rural areas, particularly in the wake of the policy to give new licenses almost entirely in the backward districts, acceptors of family planning among industrial workers would increasingly become carriers of the message to their rural brethren.

It is important that the incentive-disincentive scheme should aim at employees only up to a certain income ceiling. Inducing the higher income-earners, who have the capacity to provide well for children, to have fewer off-spring would be counter-productive from the demographic angle. In the Indian context such a ceiling, could be, say, Rs 2,000 or Rs 2,500 per month.

Admittedly, some industrial houses and state governments have already taken the initiative to introduce the incentive-disincentive approach to family planning. For example, the Himachal Pradesh Government recently put out a big advertisement in some newspapers. But what is being done is too scattered and sporadic. Further, the incentives-disincentives are neither direct enough nor sufficiently monetary in nature to be effective. It is money that makes the mare go—or rather restrains it!

CASH INCENTIVES

To offer transistors or Rs 300 to Rs 500 to acceptors of sterilisation is to mock at them. Physical discomfort apart, vasectomy or tubectomy can be a difficult emotional experience. During a family planning workshop organised by FICCI recently it was pointed out that some progressive industrial houses had begun to pay Rs 2,500 to sterilisation acceptors. In fact, corporate organisations could be given 100 per cent income tax rebate for the amounts disbursed by them as cash incentives for sterilisation.

Incentives for temporary methods have to be of a deferred nature because of the need to continually check the non-pregnancy status of the beneficiary. These should, of course, become automatically admissable to those who have undergone sterilisation. Following are some of the recommendations pending before the National Population Advisory Council: advance increments in salary; educational allowance for the two children; preferential treatment in respect of house rent allowance; free medical treatment; 10 percent increase in pension; preference in respect of loans for housing and purchase of transport.

CAVALIER ATTITUDE

Another suggestion is that a certain sum of money could be deposited every month in an account to be opened in the name of the beneficiary of the spacing method and the accumulated amount given when the woman reaches age of 45 years. In the event of the couple having a third child, the accumulated amount could be reduced by half or forfeited altogether.

While the Central Government could no doubt give the lead, the responsibility of actually implementing a carrot-and-stick policy on the ground would have to rest on the state governments. These, unfortunately, have shown a cavalier attitude towards even the half-baked green cards scheme, which seeks to give some limited facilities to acceptors of family planning. The states could be shaken out of their stupor by making implementation of an incentives-disincentives scheme a major criterion for disbursement of central funds.

When there are large-sized families, the parents can look forward to being looked after in their old age. Therefore, when the state pushes the small family norm, it becomes obligated to look after the older section of the population. In China this is being done. Could India also do it? Anyhow, the problem of oldsters would be less acute in India which, unlike China, has sought to propagate the more humane two-child family norm.

What about the huge expenditure that would be involved on a national scale incentives-disincentives scheme? It will naturally have to be borne, as it is being done in China. Perhaps the income-tax payers in the country could be charged a "population planning cess" for building a fund to finance an incentives-disincentive scheme for those who are below the income tax bracket. In the ultimate analysis, the expenditure incurred by society on curbing population would be more than compensated by the saving through avoiding the preventible additions to population.

Mr. GREEN. And finally, I want to put in a plug for private enterprise. I feel that greater involvement of nongovernmental organizations and social marketing in these countries are absolutely essential. It is something that I found most striking during the last two or three trips I have taken with Mr. Pinkham. Yes, if these NGO programs are to flourish, there has to be the elimination of a lot of government red tape. Indeed, restrictions must be removed to attract nongovernmental organizations.

I was interested to see officials, everywhere we went, asking Mr. Pinkham questions about what needed to be done to attract NGO's. They were very attentive to his suggestions.

These are things, in addition to what Ms. Camp mentioned, that I would emphasize.

Representative SCHEUER. Thank you. Mr. Sinding.

Mr. SINDING. What I would like to do, with your permission, is list four or five actions which I think are particularly appropriate for AID.

Representative **Scheuer.** Actions that they have not taken to date that you advise they think about.

Mr. **Sinding.** In some cases these will be emphases which I think we at AID ought to enlarge upon.

So, apart from the overall lessons learned and the requirement for additional resources which Ms. Camp and Ambassador Green talked about, I would like to talk about four or five specific things that I feel AID should be doing.

The first is that in a time of increasing resource scarcity—and let us talk about the present rather than a future which may or may not include significant increases in resources available—it seems to me we need to do a lot better job than we have done up to this point in establishing priorities for the expenditure of population funds. I mean this particularly with respect to geographic priorities.

We got used to the idea of an abundance of population resources in the early years of the program and have not, I think, applied as rigorous and systematic a way of analyzing where the priorities lie and where we ought to be putting our resources as we should have. We are going to do that. We are in the process of beginning that exercise now so that we sharpen the focus of our activities in the places where the problem is not only most significant but also most susceptible of solution in the near term.

A second thing very closely related to that is a need for better donor coordination. It seems to me that as each agency does a better job of determining what its priorities are, it becomes that much more important for us to talk to one another about where we were and how what we do complements the work of the others. And I would like to say for the record that I am very pleased with the improvements in relationships among the principal donor agencies that I have seen occurring over the last 3 to 4 years. It seems to me that despite competition for scarce resources, on-the-ground coordination between AID and UNFDA have been significantly improved, and even more coordination between AID and the World Bank I think has improved in recent years. This is something that for my own part I will continue to pursue quite vigorously.

Third, I think we must retain a strong commitment to the generation and analysis of accurate data on population trends. It seems to me that the World Fertility Survey, the project for contraceptive prevalence studies, and similar projects may not have been adequately appreciated in terms of what they have done both to increase awareness and to improve the planning and implementation of the population programs.

I think that we need to continue to apply resources to this vital area so that we generate sufficient information, both to plan and to evaluate what we are doing. Many of the lessons that Sharon Camp and Ambassador Green have articulated have in fact been learned as a consequence of data and analysis made possible by this important survey work. And I think we need to continue to give careful attention to this program.

I might add parenthetically that I think a good deal of continuing congressional support of the population program derives from our ability to demonstrate the effectiveness of our programs in a way that would not be possible without these important sources of data.

Another point: I would simply echo Ambassador Green's call for more emphasis on contraceptive social marketing. I think we have made a good start in several countries, and I would particularly single out for attention Bangladesh, Jamaica, and to a lesser extent Sri Lanka as places where these programs have demonstrated their efficacy. And I think we have learned lessons on the basis of 10 years of experience in this area that we can apply to significantly improve programs in the years ahead.

One area I would like to give special attention to is the need for management training.

The generation of pioneers in the developing world who brought population programs to the consciousness of the governments and who really made these programs go is beginning to age. The time is overdue to train the next generation of program managers and leaders of population programs in the developing world.

It is striking to me when I go to international meetings that the same people are representing the countries of Asia who were representing those countries 10 years ago. They will not be coming back forever. We need to give attention to the importance of training those who will follow these pioneers in population and family planning programs in Asia.

I think by the same token we need to get more people involved in the population field in this country. I think population was a very attractive field for the graduates of public health schools a decade ago. I am pleased we will be starting with Mr. Finkle and his department a new internship program this year to try to reenliven population training in the United States. Many of the other excellent centers in the United States will be cooperating with Michigan in this undertaking. And we hope through this in a small way to be able to reengage the interests of young professionals in the United States in getting involved in population work internationally.

Finally, I would like simply to reinforce what Dr. Rosenfield said earlier about the importance of continuing support for contraceptive research. I think the work in the last several years which has led to some new contraceptive technologies, the implants, and a new generation of injectables, offer real opportunities for significant breakthroughs in contraceptives that will have an important place in family planning programs.

I think technology is still a very important constraint in family planning program effectiveness, and I think that continuing attention to the funding of contraceptive technology is vital to what happens in the next several years.

Thank you for your indulgence.

Representative SCHEUER. All right. Mr. Paul Demeny, what changes?

Mr. DEMENY. Congressman, I will be very brief and attach my observation to Mr. Sinding's remarks. He emphasized the importance of a better understanding of what is happening in the demographic sphere and referred to fertility surveys. I applaud his comments, but I would like to add that there is a broader problem of intellectual gaps here. We need to understand not only what is happening with respect to demographic trends and how programs are performing and with what effectiveness, but what do population trends mean for the countries and for the societies experiencing them, in particular how the trends affect their economy.

Now, we often hear references to the universal recognition of the importance of the population issue by the highest political leadership all over the developing world. But if you look at it more closely, very often you find that the commitment to appropriate policies is really skin deep, because the analysis on which it rests is superficial. There is a conspicuous absence in many countries of locally based and documented analysis of the consequences, short term and long term, of population trends.

I think the needed remedy is much more vigorous support for social science research that on a serious level tries to come to grips with these issues. Such research can pay long-term dividends by generating local commitment to and local resource allocation for appropriate policies and programs, lessening the need for what otherwise would be an extremely rapid expansion of needed foreign assistance in this area.

Global reports do not signify much in local contracts. Countries want to know what it is that concerns them directly. This need can be satisfied only if there is serious work going on on the country level that focuses on the local problems and policies. At present, there is far too little support for work of this kind.

I have already noted that the same is true about funds that support the training of selected developing country nationals at U.S. institutions and centers where demographic research is taught on a state-of-the-art level. AID's commitment to management training is something to be applauded, but it is unfortunate that AID does not support training programs on the graduate level in population studies. Ph. D. level training admittedly takes several years, and has a long-term payoff, but the payoff can be very large. A recommendation of U.S. policy concerning training programs in population is overdue.

Thank you, Congressman.

Representative SCHEUER. Thank you very much.

I am going to call on Mr. Piore and Mr. Teitelbaum. Since they are in-house resident experts on migration, I would ask them about the field in general as to what we have learned and what changes we ought to make in the entire length and breadth of the population issues.

Would they focus a little bit on what we have learned especially about international migration trends, and the effects that our programs do have, perhaps can have or should have on international migration.

How do we devise a migration policy that protects essentially American interests? And I suppose there is some debate about that, what are essential American interests. And it also protects our long humanitarian heritage of being a haven for the truly oppressed.

Mr. Teitelbaum, I am terribly sorry I missed your presentation, but your prepared statement gave us a very bleak view of what effect population programs can have on immigration, both as to aid and capital investment.

Do you have a light at the end of the tunnel? Is there any hope we can affect these vast international population trends in some constructive way, useful way?

Mr. TEITELBAUM. Congressman, as I said in my prepared statement, it is substantially a time-scale question.

In the shortish term—by the scale of these things in the next couple of decades—for the reasons Mr. Demeny and Mr. Piore and others have indicated the effect of these international economic measures on the pressures for outmigration are likely to be nonexistent or even in the opposite direction.

In the longer term, as I said, though, if there is not genuine socioeconomic development and rapid generation of employment opportunities in developing countries, all bets will be off as far as international migration and its capacity to be regulated by sovereign states.

So I would be a strong proponent of all of the proposals as long-term measures. However, I would not be sanguine as to their effects in the short to medium term.

As to what we have learned since Bucharest—it is a nice 10-year period to look back on—we learned a lot in that period about international migration as a demographic phenomenon. In fact, those of you who were at the meetings in Bucharest will probably recall that international migration was essentially not discussed at Bucharest. It was not an issue of any great interest to the member states participating.

There are a couple of reasons for that. One is that international migration trends that we have seen over the past decade in part have been delayed effects of the demographic increase that occurred in the late 1950's, 1960's, and early 1970's in many source countries. By and large, children do not move, at least not on their own, so there is a 15- to 20-year minimum delay between a population growth phenomenon and a migration pressure phenomenon.

And 1974 was probably a watershed in some respects. I think it was about the time that those effects should have started to be felt, if not earlier in that decade.

Another reason is that, until 1974—again a watershed year in many respects—many countries in Western Europe had been recruiting temporary workers from mostly developing countries, because they had experienced a long-term economic boom and they perceived that they had temporary shortages of labor. So there had been an active recruitment activity, and that was by and large truncated in 1973–74.

Since then the issue has become quite unpleasant in most of these temporary labor-importing countries in Western Europe, and has generated some of the passions that one would hope could be put to rest in the longer term.

Demographers do not make predictions, as you know, Congressman, but let me make a nondemographic prediction. International migration could be one of the most contentious issues in the 1984 International Population Conference in Mexico. Whereas, as I say, one hardly heard a glimmer of debate about it in 1974, it could be one of the most argued about issues in Mexico.

Another thing we have learned concerns temporary migration policies. I think everybody now agrees that temporary migration policies have proven to be more permanent than temporary, for the reasons Mr. Piore described quite concisely: That these temporary migrants can change in composition but also in their intentions, and that pathways of migration are established by temporary migration policies, such that the migration stream is harder to stop than it is to initiate. That has been a uniform experience of all temporary labor-importing countries, other than those who maintain essentially coercive controls over their temporary migrants, such as in the Persian Gulf.

If I may skip very briefly to what we learned on the nonmigration front, Congressman Scheuer, I will not repeat or recapitulate any of the points mentioned by others because I have associated myself with them.

One thing we have learned, though, which will be no surprise to those on the Hill, is that governments sometimes do not mean what they say at international meetings. If you read the statements in Bucharest, by the Peoples' Republic of China, and then compare that to what the government of that country has done since Bucharest, I think you will see that there were other agenda on that conference table than the Chinese Government's opinions on population policy, even if they have changed in the interim.

Representative SCHEUER. Actually, you can compare what they were saying in Bucharest with what they were doing in China at the exact same time.

Mr. TEITELBAUM. Yes. And that leads me to a footnote, looking forward.

As far as I have been able to discover, the group of 77 is now substantially supportive politically of population and development activities. Political support in the United States, ironically, is somewhat lessened, or one might even say hangs in the balance as compared to 1974. So, since I appreciate irony, I would suggest to you that there could be a fascinating, ironic reversal of rhetorical roles, comparing the Bucharest population conference and the Mexico population conference.

Now, again, as I said, rhetoric may not mean very much in terms of practice in any of these countries, but the rhetoric may have shifted.

Finally, very quickly, I think we have learned since Bucharest that at least in countries that have a democratic tradition in which people can actually be voted out of office—there are not that many in the world, but there are some—that in such countries, policies involving excessive zeal in restricting fertility, particularly going down to local levels with poor communicators to the center—such policies can be counterproductive politically.

And as an example of that, I would simply point to the emergency in India. Whatever you may think of it, and whatever the current government may say did or did not happen—and I am not an expert on those things—it is widely believed to have set back political support for population programs in India by a substantial margin.

So whatever the facts of the case, the perceptions of the case are politically damaging. I think we have learned that since 1974.

Representative SCHEUER. Thank you.

Mr. Piore, give us the narrow focus on immigration and also a little broader focus if you have any comments on the whole length and breadth of the population development policies and what new insights you think we have gained over the past 10 years.

Mr. PIORE. I think the thrust of my remarks basically follows that of Mr. Teitelbaum's. I think the basic point in a general sense is that population development programs have to be justified on their own grounds and that their contribution to international migration per se, to reduce international migration, is problematic at best, and in certain respects it may well aggravate, or I should rather say increase international migration flows.

I tend to be much more sanguine about the process of international migration, and in particular its impact on the United States, than certainly the general tenor of the debate about international migration in this country.

I think the motive force in migration has largely been in the United States. It has had relatively little to do with events in underdeveloped countries. Conditions in underdeveloped countries have certainly been permissive of migration, but as far as we can tell the impetus for migration, the initiating forces and so on, all have to do with the character of the American economy and the attempt of employers to recruit for jobs that the national labor force would not accept.

It is not clear to me that migration has actually increased very much, that is, that the net flows have actually increased very much in the last 10 years.

The process of international migration that we have experienced in the last decade appears to have been initiated in the late 1960's in response to major labor market shortages which were produced by the low levels of unemployment following the Vietnam war and the changes in attitude of the black population, particularly black youth, toward the low-wage menial jobs their parents had accepted.

Since 1974 the economy has been operating at much lower levels of activity, and it may well be that there has actually been a substantial reduction in the net inflows of foreign labor because most of that migration is clandestine.

We know very little about it. What we do know, that kind of got lost in the current debate, is that substantial numbers of people who are coming into the country legally on their existing immigration legislation are actually people who had previously come here as undocumented workers and essentially legitimizing their status.

So a great deal of the clandestine immigration eventually gets brought to the surface. And the number of people here illegally, that is, the pool of those people, is being diminished progressively through the operation of the immigration statute.

So I guess I tend to feel that the difficulties that migration poses, particularly for American society, because of the nature of our immigration system, have been exaggerated in the current debate. I think the difficulties are much more serious in the European system, partly because the European immigration systems have never been set up in the way our immigration system has with the notion that there will be substantial numbers of migrants who become permanent citizens, citizens over time.

So I would, I guess, be prone to differentiate rather strongly between the Europeans and the Americans on the score.

Representative SCHEUER. Thank you very much.

Now we get down to Mr. Jason Finkle and Dr. Allan Rosenfield. I am going to ask you to survey in the same broad terms your colleagues have surveyed, but then give us a little insight on another subject that is of concern to me and that has perplexed me. That is the degree to which the international financing agencies, like the World Bank and the regional development banks, have more or less held themselves aloof from the Sturm and Drang of the family planning population movement.

Especially I am perplexed because of the outstanding leadership we have had in the World Bank from its past two presidents, from Mr. McNamara and Mr. Clausen. These are two really quite extraordinary men, brilliant and talented professionals, and they have had a deep compassion, a deep concern in their many speeches and articles and papers. They exhibited an awareness of the dimensions of the population problem and the concern about it. You would think in terms of leadership, in terms of hard professional obligations and outstanding order of excellence, and qualities of heart and mind, deep compassion, that they had what it took to lead their agencies into the 20th century.

But for some reason that I do not comprehend it has not happened in the World Bank, and it has not really happened in the regional development banks.

And this will be my last question: Why is it that with all that extraordinary leadership they never really engaged, despite the speeches in the papers and the enormously thoughtful references in the World Bank reports, for example, year after year after year—why is it that they have come forth with a mouse?

Is it institutional rigidities in the World Bank? Is it personality problems in the World Bank? Is it the lack of interest in the Third World countries that has led them not to put much of a priority on population-sensitive programs?

Is it the failure of the World Bank to use the enormous position of persuasiveness and clout that they occupy? What are the institutional elements that have created this blockade of action when the potential is so enormous and where the leadership, judging from the two men who have headed up the World Bank, and some fine men who have headed up the regional development banks—you could have expected any logical predictive process.

Give us your broad spectrum, but maybe give us a little focus on this, just as I asked the two preceding witnesses to focus a bit on migration.

First, Mr. Finkle.

Mr. FINKLE. Congressman Scheuer, with due respect, I almost said to you over lunch that I am constantly impressed with the quality and intellect and character of Members of the Congress. Could you kindly explain to me how some of the legislation that comes out of this place can come out from men with so much intelligence?

Well, that is really the mirror image of the question you have raised about the Bank. And I will try to answer the question, but it really picks up on some other points.

Since I am being a bit disrespectful, let me say that I have been sitting here and hearing everybody agreeing with the person before him.

Let me take mild disagreement with my friend, Mr. Teitelbaum, who raised the specter that Mexico City would find a role reversal: That the

United States would be the soft country on population and that the Third World would be the hard countries—a reversal of what roles were at Bucharest.

Mr. TEITELBAUM. The possibility.

Mr. FINKLE. The possibility. The only way I think we are likely to see it is if for some reason God in his infinite wisdom should decide to appoint former Senator James Buckley as head of the American delegation. And I do not think he is in step with the character of any officials I am familiar with in the population movement or in the U.S. Government or in this administration, I might add.

My greater concern is——

Representative SCHEUER. Excuse me. What position was former Senator Buckley appointed to?

Mr. FINKLE. He was Under Secretary of State, or was it Assistant Secretary?

Mr. GREEN. Under Secretary of State for Security Affairs.

Mr. FINKLE. For Security Affairs, which included population.

Mr. GREEN. That is right.

Mr. FINKLE. And subsequently he was appointed to the position where he is now as head of Radio Free Europe.

But otherwise I cannot imagine the roles being reversed.

Now, they could be reversed if this were a conference of just Asia and the United States. This is because I think the commitment and efforts in Asia devoted to population control far surpass those of most of the Third World.

However, once you leave Asia you find a dwindling and diminishing commitment to undertaking high levels of activity in the population field.

I had the opportunity to go to one of the preparatory meetings, rather the expert meetings, in Geneva in anticipation of the Mexico City meeting, and the most alarming thing was the lack of attention given to population.

So this possibility can——

[Discussion off the record.]

Mr. FINKLE. One of my friends has just said, referring to Mr. Buckley, something I did not know, that he is the chair of our delegation. This is the word yesterday from the White House.

Ms. CAMP. Do you want to retract anything? [Laughter.]

Mr. FINKLE. I am at a loss for words.

Although I think Michael was making it as a casual observation, there is a reason I am stressing this more than it probably warrants: I do not think the commitment throughout the Third World is that profound.

Representative SCHEUER. Would you pull the microphone a little closer.

Mr. FINKLE. I do not think the commitment to population control, fertility limitation, family planning is that profound throughout the Third World. There is a good deal of variance.

Part of the reason that I would identify very strongly with some of the other points, and actually a point Michael and Mr. Demeny made as well, is that I think the way to enhance the commitment is through the development of research institutions in a number of countries to continually examine and reexamine the socioeconomic interrelations involving populations, literacy, and so on. When they come to their own conclusions, when they arrive at a judgment of their own on this matter, that is when they assume a commitment that surpasses anything we can do from abroad.

I think there are opportunities for Americans to work closely with them in these institutions. This is part of the reason that I lament the demise of the Ford Foundation in population, and really the absence of funds for developing social science research institutions in the Third World that are concerned with population, because this is where the idea, the drive, the dynamism, comes from. When the political leaders, bureaucrats and intellectual elites, among others, become committed to dealing with population problems, family planning programs are more likely to be effective. This is the endeavor in which Ambassador Green is presently involved.

Now, this gets to the core problem of the World Bank—commitment. If the Third World thought it great to do something about population and family planning, we would not have to be here concerned about the Bank. The Third World countries would be lining up, asking for money for population programs. But money in the Bank for population programs has to be borrowed. It either comes in the form of a World Bank loan or, in most cases, IDA credits. The IDA credits are highly concessionary. There is no real interest rate, there is only three-quarters of 1 percent carrying charge. Nevertheless, they are funds that have to be repaid, and the commitment to population is not sufficiently great to induce countries to line up for these funds for population purposes.

On the other hand, countries do line up for funds for steel mills and for irrigation projects. These projects obviously have some higher priority.

Now, as a very sympathetic observer of the dilemma of the World Bank—and I spent an awful lot of time studying and observing members of the Bank, and I have a good deal of respect for their personnel—I have never really been able to comprehend why the Bank, if that is the problem and they are committed to doing something about population, does not grapple with the fundamental issue.

First, I have never really been convinced that the Bank cannot use some of the profit from its other endeavors to make grants in the population field.

Representative SCHEUER. When you say the fundamental issue, you mean the reluctance of the Third World countries to enter into loans.

Mr. FINKLE. Yes. The Bank could make grants, partial grants, and seed money grants. It could identify experimental projects and make grants to some of the nongovernmental organizations. After all, the Bank would not be alone in this population assistance. There is an enormously complex and sometimes convoluted panoply of agencies and organizations involved, and nobody has to do it all.

It would be appropriate for the Bank to start identifying those things in which the Bank has a comparative advantage and might have a distinctive impact in the population field. I think I am in agreement with Mr. Demeny that the Bank is extremely well qualified to fund sophisticated research endeavors, research institutes, which would simultaneously enhance other population activities of the Bank in a country. The Bank is capable of finding funds to finance research in economics in Washington while it should be thinking of ways, if it wants to break through a population problem, to do something comparable overseas.

The second observation—and I feel that Mr. McNamara was extraordinarily committed to population—ironically, he did not find a way to translate his sentiments into action. The problem was not in the population department. It was up at the higher level. The Bank is an institution that has a longstanding commitment to other modes of activity. It started off, after all, as a bank. Although moved away from being a conventional bank, when you begin to think in terms of what the Bank does, it feels most comfortable doing things such as loaning money for a highway or preferably a hydroelectric project which will repay itself.

And then the farther removed you get from this type of activity, as the Bank has expanded its own vision under McNamara, there are people, there are commitments, and the Bank finds it uncomfortable. The Bank finds getting into education uncomfortable. This is one of what are referred to as the soft sectors. And probably the most difficult of all the soft sectors is population. People are not asking the Bank for money in the form of loans to engage in population projects.

Now, the Bank did clearly give thought to this. They wanted to become a major force in the population field and to do so they included health and nutrition. I think that was not an unwise decision, except they should have treated health and nutrition as merely instruments to give them an opening and leave room to develop population projects.

Instead, as you look at the Bank's spending today in the population, health, and nutrition area, you will find that population has become subordinated to health. I would like to see the Bank become a major force in the population area. I think it has the potential. It has the leadership, it has the standing. It is the only organization that I know of in this whole international field that has more money for population than it can spend. And that in itself makes it a unique and distinctive organization.

I have not heard Mr. Clausen speak much on population. I have seen a few references that he has made here and there in speeches. As I indicated in your absence before, this may be his style, and he may be waiting for Mexico City. But I think there is an awful lot of action that should be taken if the Bank is ever going to make itself felt in the population area.

Representative Scheuer. From what I have heard, population concerns are going to form a major portion or a major focus of the next World Bank report. They are thinking about it. I have heard that from any number of sources.

Mr. Finkle. The strongest speeches that McNamara ever made were on population and it did not get translated into a program.

With all due respect, this is the World Bank. The World Development Report of 1984 is going to have as its major theme "Population" but this in no way implies that there is action. It is a good research exercise. It will identify the Bank as having an interest in population, but I do not see this as a significant step in the direction you and I would like to see the Bank move.

Representative SCHEUER. Is there anything you can think of that Congress can do to facilitate or encourage or create a positive environment in which the World Bank, with the outstandingly fine leadership that it has in Mr. Clausen, can move forward perhaps more effectively and more directly in population and related programs?

Mr. FINKLE. I think continued encouragement is important. If this were to come forth regularly, and if members of the Board of Governors at the Bank could make some changes in the Bank's lending procedures and if senior Bank officials introduce population into their negotiations and dialogs with Third World leaders, I think this would have a very beneficial effect. I do not think Bank officials have to use a sledge hammer to drive the message home, but the message should simply be on their regular agenda when talking with Third World representatives.

If you want to get rid of infant mortality, you had better be very concerned about the quality of water. If you want to have the Bank move into the population field and be effective, you have got to bring this in regularly as part of the development dialog.

Representative SCHEUER. You are suggesting that maybe the president and the executive vice president of the Bank might think about requiring regional and sectoral unit heads to bring population concerns and population ideas to a position of high priority on the list of topics that they would discuss regularly with country officials and other officials, including employees of specialized agencies.

Mr. FINKLE. Very well stated. Yes, I agree.

Representative SCHEUER. Now to Allan Rosenfield.

Dr. ROSENFIELD. What more can be said? It is late. I agree with most everything that has been said. Just a few comments on the Bank, if you like.

I agree with Jason's assessment. I have read his paper, and I think it does review many problems. Some of my perceptions are from personal dealings with the Bank.

I think their problem has been in the broad area of social sector programs and is not limited to population, health, and nutrition. I think the same situation may be the case in education, agriculture and some of the other social areas.

The Bank's strength has been in capital project support and development. I think they do those programs extremely well. The system that has been established to carry out capital programs is an effective one, I believe. I think the Bank's basic problem has been an inability to modify and adapt their basic system to social program development.

I agree with Jason that loans are very difficult for ministers of health and private sector organizations involved in population, family planning, and health activities. I think the Bank really must review its overall structure and approach to assistance in the social sector.

Within the population field many of the projects that have been developed have been considered by some in the Bank as very small by Bank standards. Yet, they are very large by ministry of health or other agency approaches, and many of them go beyond the absorptive capacity of some of those organizations.

The Bank does not believe in local field staff by and large and has been opposed to the concept of population offices based in countries in which they are planning to develop programs as well as those in which they have programs, except in the very largest of those. They rely primarily on outside missions which are costly. Mission members may have difficulty understanding local problems after only a 2- to 4-week stay.

I believe it is very important that programs be developed as part of country planning and that the proposals be discussed as part of the overall country plan. But I think the Bank, if it was truly committed to this program, would attempt to create what I would call special program status. The United Nations had the choice of including its population program under UNDP directly, as part of the UNDP programs, or of creating the UNFPA. I think the creation of the UNFPA was a wise move on their part, despite the problems. I think it has functioned far more effectively as a separate special program than it would as part of UNDP.

In addition to special program status for the Population, Health, and Nutrition Department, it should be given special funds and allowed to program its own money, in coordination and collaboration with the regional country programing process. In addition, the availability of some grant money for seed purposes would be most useful.

I think I will stop on that.

Representative SCHEUER. Would any of the rest of you like to address this problem?

Steve Sinding, you did mention the coordination between AID and the World Bank has improved in recent years. Does that lead you to believe that greater structural changes could be made that would grease the way where other banks might be more active and productive in the population area?

Mr. SINDING. Yes, Congressman Scheuer. I think that if we do not try to force the Bank to be something that it perhaps cannot be, but rather to try to take the Bank more on its own terms, there may be areas in which we can work together more effectively and in which the resources of the Bank can be brought more fully to bear on population issues.

Let me talk a little about what I mean.

Let me step back just a moment to say that I, too, wish the Bank could be more flexible in the way in which it provides support. But if one for a moment takes the view that it is unlikely to be able to change as radically as Dr. Rosenfield would have it change, then maybe what I have to say might be an alternative position.

And that is basically this: First of all, I think we perhaps have undersold the impact the Bank has had. I think the Bank has had enormous impact. It is always difficult to pinpoint what causes policies to change in a particular country, and it is obviously a lot of things happening over a period of time that causes policies to change. But I do not think we should underestimate the impact the Bank has had at the Paris consortium meetings, at the various points at which senior Bank officials and developing country officials talk about these things.

Now, getting to the program level, I think that as developing countries move toward the extension of health services to the rural areas, in keeping with the general WHO "Health for All" primary health care thrust that continues to dominate the thinking of ministries of health throughout the world, and as infrastructure is required to make that happen, we are beginning to see in the most hopeful or optimistic scenario the development of a service delivery infrastructure for family planning that has heretofore not been in place.

One of the reasons that categorical family planning programs grew up in Asia was because there was no health system to integrate with the rural areas. It was not that we had some aversion to combining health with family planning services. It is that we were not willing to wait until a health system was in place before we started providing family planning services.

Representative **Scheuer.** Is that not pretty much the problem, the rural areas?

Mr. **Sinding.** Very much so.

But the Bank has the capacity in the health area, it seems to me, to do more by way of establishing the essential infrastructure for the delivery of primary health care services, including the clinical and domiciliary facilities that are required for workers in the rural areas that can help to provide an important channel for population and family planning work as well.

I think that if it is in fact the case that the Bank is not willing to change its own procedures and operations—and many of us would hope it could—there still lies within the extension of health services the opportunity to more effectively collaborate, with the Bank doing the infrastructure work and with agencies that have greater flexibilities with grant funds complementing that work with special emphasis on family planning and population.

Representative **Scheuer.** Dr. Rosenfield.

Dr. **Rosenfield.** Just a comment. I agree with Steve, and I think the Bank has worked on joint projects with bilateral and multilateral agencies. Their effort in Indonesia in this regard was a difficult one, but I would like to urge that they continue to make the effort to develop collaborate projects with the bilateral and multilateral agencies. There is great benefit from such joint programs.

Representative **Scheuer.** Do any of the rest of you wish to speak? [No response.]

Let me just throw in a possible area of involvement of the Bank.

Take this new development, Norplant. Norplant is sophisticated high technology. It does require some kind of modest structure, perhaps for training, perhaps for actually delivering services in rural areas. I am thinking primarily of Africa, south of the Sahara. It does call for the use of a sophisticated mobile van that would carry both some kind of educational activities with a video cassette, and then another section of the van where a simple surgical procedure, an implant of material, could be done.

And that van could carry on multipurpose activities, and so could the training programs, supporting both a massive inoculation effort, which is desperately needed in many parts of the Third World—a massive inoculation effort for kids and mothers in a preventive health modality, and family planning as part of that preventive health service. Because in the developing world, I do not have to tell any of you the nature of life-threatening events facing mothers and infants in pregnancy.

Could you see some kind of a joint effort between the World Bank in developing the training programs and developing a mobile van and perhaps a few structures for training and delivery of services in rural areas—between the World Bank and perhaps the WHO on the straight preventive medicine services, and UNFPA on straight family planning services? Is this not a kind of comprehensive multipurpose project that would involve both those two agencies and perhaps Jim Grant in UNICEF on——

Mr. TEITELBAUM. Oral rehydration.

Representative SCHEUER. Oral rehydration. Is this not the kind of project that does have some high technology, does have some capital investment components that the World Bank might find comfortable and salubrious in working with perhaps UNICEF on the oral rehydration project, WHO on a vast panoply of preventive medicine, inoculations, and UNFPA on the family planning component of preventive health measures.

Is this the kind of thing they might be thinking about, or am I off the track? Should I leave these kinds of matters to the experts?

Dr. ROSENFIELD. Well, with specific reference to your suggestion, I do not see a specific role for the Bank except that it would be most appropriate for the Bank to support contraceptive research.

While close collaboration and coordination between the various agencies would be most desirable, each agency, has its own peculiar bureaucratic requirements, and totally joint activities are very difficult. The Bank has been involved with some consortia, as you well know, not only in population but in other areas. The opportunities to work together with various organizations should be encouraged, and there could be great promise for the future if the agencies did work together more.

Representative SCHEUER. All right. We are just about winding down. Does anybody have any last comments? [No response.]

I cannot thank you enough for your patience and forebearance.

I apologize again for having to leave you for an extended period of time. I thank you for your marvelous testimony.

The subcommittee stands adjourned.

[Whereupon, at 1:40 p.m., the subcommittee adjourned, subject to the call of the Chair.]

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